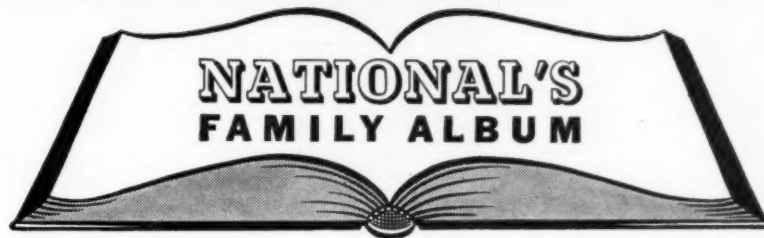
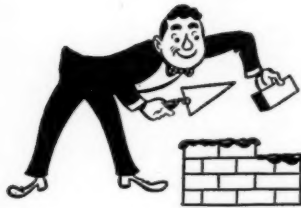


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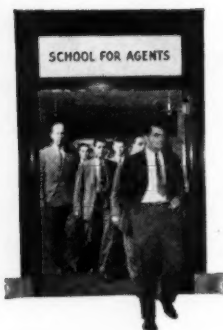
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Commission Issue Absorbing Topic at W. U. A. Parley

Excepted Cities
Situation Is Pondered at
Lengthy Sessions

By C. M. CARTWRIGHT

MANCHESTER, VT.—The commission question that has now assumed large proportions in the minds of executives came to the front at the semi-annual meeting of Western Underwriters Assn. held here this week. It pertains particularly to excepted cities.

The governing committee started its discussion of the subject in mid-afternoon Sunday. It recessed until 8:30 p. m. and then held sway until about midnight. Simultaneously other groups discussed the subject.

The committee itself decided to turn the draft of the recommendations over to a subcommittee that really had a tough job. It was the group that held forth in long sessions.

Some of the Difficulties

The commission feature in the central west has many angles. It is not one that rests on uniformity. There are the agents in regular territory that receive 15, 20 and 25%, but every large city where this rule does not apply has numerous variations. The main trouble is found at Chicago, St. Louis, Milwaukee, Cleveland, Cincinnati, Louisville and Detroit. To devise a plan that can be justly applied to each requires genuine ingenuity. For instance if a 30 or 35% maximum would be established it would not be practical in a few points. If a percentage reduction would seem easy to apply, it would soon be seen it would meet with frustrations.

Becomes a National Issue

Then the committee realizes this question is not a sectional one. It involves the country as a whole. The members do not want to set a precedent that might introduce trouble elsewhere. They are studying conditions in all sections to determine whether a pattern for uniformity can be found. Then again this is not purely a company matter. The members have expressed the hope that large city agents should assume responsibility to seek a just arrangement.

Still another angle is the activities of non-member companies.

Some companies are seriously discussing the subject with their agents.

There has been an opinion expressed that companies may decide to conduct their business in large cities on a branch office basis. This is not regarded as serious by W.U.A. leaders who say as a rule these companies are entirely agency minded.

Oil Association Meeting

H. A. Clark, western manager of Firemen's and president of Western Insurance Bureau, attended the sessions on special invitation. He is president of Oil Insurance Assn., which held a meeting Monday.

There will probably be another meeting of Oil Association late in the year at New York so that top executives may find it convenient to attend and ob-

(CONTINUED ON PAGE 16)

Strong W. U. A. Report Made

URGE INSURERS: HOLD LOSS HANDLING REINS

MANCHESTER, VT.—Indicative of the increasing attention that is being given by those in executive ranks to reform of loss adjustment practices is the report of the committee on that subject at the mid-year meeting of Western Underwriters Assn. here. It was the outspoken report of the same committee at the last W. U. A. meeting that appeared to generate intense concentration on the subject throughout the country, and there has been a series of public expressions on various phases of the situation lately from company leaders and from leaders in the independent adjusting field.

The report given here this week was uncompromising in some of its recommendations, the first being for prompt reporting of losses to the insurer and for proper assignment to be made of the losses. Secondly, while the report pays its respect to the top grade independent adjuster, the companies are summoned to give strong support to company adjustment bureaus and the opinion is voiced that "the company should have the privilege of choosing their adjuster on a particular loss and should be notified of the loss when it occurs."

Finally the report states that entertainment of local agents, brokers and field men by adjusters—-independent or bureau—should be absolutely discontinued.

The report, in full:

Destruction by fire during 1946, as estimated by the National Board, increased more than \$100 million over the previous year, a jump of about 23%, to approach the highest annual total ever recorded in the U. S., \$560 million.

The latest figures available for the first six months of 1947 show the estimated fire damage as \$369 million, an increase of 20% over the like period in 1946 and a greater figure than the whole year losses in any year from 1933 to 1942. Also, the average amount paid on each loss, from figures secured from one of the adjustment bureaus, shows a drastic increase. The average fire loss increased about 40%, according to the figures of the first six months of 1947 as compared with the same period in 1946, and the automobile average loss increased 20% and the increase in tornado was 22%.

Number Same, Amount Up

While the number of fire losses in the first six months of 1947 about equals the number of losses in the like period of 1946, still the total amount paid out shows a very noted increase. The tornado losses increased in great number. As a matter of fact, the adjustment bureaus advised that they had the largest number of losses from windstorm ever experienced before in their operation. The increased number of losses in itself is a serious problem, but the great increase in the average amount of loss is a situation that needs our thoughtful consideration.

The first step for any improvement must be the recapture by the companies of the control of losses, to hold on to it and guard it. The companies must demand that notice of loss be given them on the occasion of every loss that occurs. The very fundamental of our business calls for the first brick to be laid in the reporting of losses and this situation cannot be met if the companies, through any source, place a proof of loss in the hands of agents, except where a specific

loss is reported and assigned to them. The loose handling of losses and assignments should be stopped.

Let us first discuss notice of loss. If cooperation can be secured from the home offices to write an agent on each occasion where proof has been received without previous notice of loss and they at that time give the agent full explanation as to the reason this is not a proper procedure, it is bound to bring improvement in this situation. Of course, the thought comes to us, where does the agent get the blank proofs of loss to complete the loss, if notice of loss has not been sent to the company. There are many phases of laxity along this line which have come to our attention. It has been found that companies have placed proofs of loss in the hands of the agents, and fieldmen without the knowledge of their company, too, have placed some of these blanks with agents. We ran across one case, where an agent had informed his company they had a severe windstorm in his city and asked for a supply of blank proofs of loss, and the company sent him 50. He immediately started to use these blanks for all the companies in his office and each company that had a loss, received a completed proof as the first notice to them.

If we confine the sending of blank proofs of loss to agents only when a report of loss is made to the company and the company has assigned the loss to the agent for adjustment, a great many of our troubles will be eliminated. No matter how many agents the fieldmen may talk to about the proper reporting of losses, they must have the backing of the company, as well as definite information from the company as to the particular agents who follow this procedure, if they are to obtain results in eliminating this particular practice. We know that the majority of agents do follow the proper form of reporting losses at an early date after they are informed. The company offices are the first ones to have knowledge when proof is received without notice. Therefore, the company office is in a position to follow up the particular case with a direct letter to the agent, or word to the fieldman for a personal talk with the agent.

No Hardship on Agents

It is our feeling that agents will suffer no hardship by not having proofs of loss in their hands. Rather, it is in the interest of the company, the agent, and the public at large, that prompt reporting of losses be made to the company and proper assignment be made for the adjustment of the loss. Proof coming in without prior notice disrupts the home office, causes a delay in payment and reflects on the company, as well as the agent, with the policyholder.

The next step in the improvement of this situation is the control of assignments of losses. We believe the best interests of the companies can be served by strong support given company adjustment bureau offices. This does not mean that we wish to wage a fight against the independent adjusters. There are many fine, outstanding, independent adjusters who have adjusted losses for companies for many years and will continue to do so, but we do feel that the company should have the privilege of choosing their adjuster on a particular loss and should be notified of the loss when it occurs.

We have had brought to our attention many examples of the seriousness of this

(CONTINUED ON PAGE 17)

C. W. Smitheman Is New President of "Ad" Conference

By W. A. SCANLON

WEST DENNIS, MASS.—Clark W. Smitheman, assistant manager advertising department of North America, was elected president of Insurance Advertising Conference at its annual meeting here this week.

J. A. Gernhardt, advertising manager of National Surety, who has been secretary, was named vice-president and A. E. Duncan, Jr., Fire Association, was chosen secretary.

The executive committee members are Newton C. Hawley, National Fire; Dwight P. Ely, Ohio Farmers; Ralph C. Blatchford, Employers, and Theodore W. Budlong, National Board, the retiring president.

A change was made in the constitution. The membership now will be des-



T. W. Budlong



C. W. SMITHEMAN

ignated as A members and associate members instead of A, B and C members.

The associate members are the representatives of newspapers, magazines, radio stations, advertising agencies or other organizations other than those who can qualify as class A members. Associate members shall not have voting privileges.

Commissioner Harrington of Massachusetts was the speaker at the dinner Monday. "What's Ahead for the Insurance Business" was the title of his address.

Robert E. Brown, Jr., Aetna Life, was chairman of the nominating committee. The Monday morning feature proved a most interesting one.

Clark W. Smitheman, North America, acted as moderator for a panel set up as an executive committee to plan an advertising budget for a mythical "Average Fire and Casualty Group." Those who participated were John Ashmead, Phoenix of Hartford, who acted as chairman of the board; C. J. Fitzpatrick, U.S.F.&G., in the role of presi-

(CONTINUED ON PAGE 15)

Theory Over, Time to Make It Work

Sampson Tells Rating Forum State Control Is Now on Trial

Addressing the zone 3 forum on rate regulation at Richmond, Va., W. W. Sampson, manager Southeastern Underwriters Assn., said that for more than two years the prime consideration has of necessity been with theory, but the most experienced minds in the industry are now centered on joining with administrators to see that the theory works as it should.



W. W. Sampson

State regulation of insurance as the universal mode is on trial now as never before, the speaker avowed. If the past may be used in any way as a guide, it will be challenged. Legislative bodies that have been persuaded to pass such laws will undoubtedly investigate and the job will have to be done in harmony. Mr. Sampson proceeded to outline points that will demand particular study and understanding to work fairly under the new rate laws.

The one section contained in the new and old regulatory laws most difficult of review at this time is that regarding recording and reporting of loss and expense experience. Adoption by most states of the new National Board classification plan is helpful, but it is only part of the problem, Mr. Sampson declared. The manner in which classification data and other related figures are required by the several states, together with the interpretation placed upon such information, is presently a hodge-podge. Each state has gone its own way. The speaker emphasized that something has to be done and that the whole subject merits country-wide study, from the viewpoints of both the companies and the supervising authorities.

The facilities for carrying out requirements for rate filing are in operation already in the form of local rating bills, and if any recommendation in this connection is in order, it is that each department be equipped with an up-to-date filing system, he declared. Consideration should be given to a plan of numbering each filing and an index to such files will prove helpful.

Calls for Liberal Interpretation

Mr. Sampson called for liberal state interpretation of rate filings. He said that most insurance departments adhere to the liberal intent of the law, but some few administrators have been inclined to insist upon actuarially proven measurements to even such small details as schedule charges or credits. In some instances proposals made solely upon the experienced judgment of the companies which could effect levels only remotely have been turned down by reason of absence of statistics. Many revisions to rates, rules and forms are of such nature as to be impossible of statistical support. Rating schedules as measuring standards must be, at least in part, based upon experience and not statistics. They always will be for the business of fire insurance, he said, adding that this calls for a large measure of confidence in the sincerity and purpose of the rating organization coming before the department with a filing. "The intent and spirit of the law should have equal application with the letter of the law," he declared.

The speaker said that it would seem that those states now having mandatory requirements upon all companies to use

Glimpses of Four Secretaries

W. W. Dudley, E. B. Hatch, Charles F. Thomas and E. H. Born Are Evaluated

By C. M. CARTWRIGHT

MANCHESTER, VT. — It is a strange slant in human nature that when one is well grounded in the years of the serene and yellow leaf, to become somewhat proud of his age especially if he has established some sort of a record. I was particularly desirous of reporting this meeting of Western Underwriters Assn. because the new secretary—E. H. Born—is sitting in the secretarial chair for the first time which is a very important one in the meetings of this organization. In fact, it might be called his inaugural meeting.

I attended the three inaugural meetings of the three previous secretaries and was eager to be present when Mr. Born was properly installed. This undoubtedly will be the last secretary that I will see initiated into office because I am nearing the end of my trail.

Predecessor Loosely Jointed

The old "Union" predecessor of Western Underwriters Assn. was a loosely jointed organization. Work was conducted by local board commissions so-called and running according to numbers Nos. 1, 2, 3, 4, etc. Each commission was given jurisdiction over a certain number of states and had almost full authority in its particular section. The chairmen of the commissions constituted the managing committee. It can be said that the members at that

one, and only one, rating facility might well consider the freedom of the up-to-date laws as stated in public law 15, to the effect that "nothing in this bill is to be construed as indicating it to be the intent or desire of Congress to require or encourage the several states to enact legislation that would make it compulsory for an insurance company to become a member of rating bureaus or charge uniform rates."

Mr. Sampson suggested that since provisions are made for licensing rating organizations upon presentation of satisfactory information to the supervising authority, it would be helpful should the several states develop uniform blanks for rating organizations or insurers to use in making application for license.

Must Solve Auditing Problem

The rating organizations and the state administrators must cooperate in finding a workable solution to the problems that will arise in the auditing bureaus, either as part of the rating bureaus, or as separate entities. The model law lays a heavy responsibility upon both sides, stating that in the event any insured does not within 60 days furnish satisfactory evidence to the rating organization of the correction of an error or omission, that the rating organization must notify the commissioner. The practical aspects to this problem must be viewed in the light of the past and present personnel situations, Mr. Sampson declared. Moreover, thought should be given to the different categories under which errors and omissions will fall. After all, he said, a minor mistake in policy or endorsement preparation should not require the attention that an obvious abuse should. The rating organizations will cooperate in finding a workable solution here, Mr. Sampson guaranteed.

The administrator should not fail to recognize his responsibility under the right of deviation which is nearly uniform under all regulatory laws. It is not true that no insurance department would decline a filing for reduction in rate. Such filings have been denied. This is where the commissioner took cognizance of probably his gravest responsibility, the solvency of the carrier.

time were rugged individualists so-called. They had not been trained to follow organization rules. Organization spirit had not become impregnated in their system. They desired to do business in their own special way. They had a certain amount of respect for competitors and they found it wise to be harnessed to the same wagon. Notwithstanding this situation, the old Union was responsible for the building of a sound, safe and sensible insurance system in the central west. It was always regarded as the superior of all the jurisdictional organizations of like character.

The organization's spirit developed as time went on. Managers and officials soon learned what was the wise course to pursue in order to get the most substantial results and to be safe. Therefore, companies that expected to grow and become well known learned the road to follow, however hard it might be. It may at times have rubbed the managerial hair the wrong way, but gradually the organization idea permeated the minds of those in control of fire companies.

Took Vital Step in 1907

At the St. Louis meeting May 11, 1907 the Union took a very decided and memorable step. A new plan was inaugurated whereby the local board commissioners were abolished and a new single committee was formed called the governing committee. I was present at that time, being an insurance news editor of the Chicago "Inter-Ocean." It so happened that I was able to secure a "scoop" on what was done. My distinguished competitor C. I. Hitchcock of the "Record Herald" failed to get the news. The fact that I did secure this news at the expense of my rival gave me added prestige and boosted me to a point which might have required four years to gain. Theretofore, I had been considered a second rate insurance news gatherer when compared with Mr. Hitchcock.

W. W. Dudley who had been U. S. manager of Manchester was elected secretary of the governing committee. He was not elected secretary of the Western Union proper. His inaugural meeting so-called was held in the fall at Saratoga Springs. Mr. Dudley was a man of wide experience and well liked. Manchester seemed to be hanging by a thread more or less and when the offer of the Western Union was made to Mr. Dudley, he accepted it. Truman W. Eustis succeeded him as Manchester manager.

Manchester was later amalgamated with Atlas of which J. M. Newberger was manager. Mr. Dudley came from Wisconsin where he had gone from his native heath in Connecticut. He started in local insurance business in the former state. He began his insurance career as a farm solicitor in Wisconsin. He graduated from the farm business to regular local agency work in an agency at La Crosse and finally became a partner. He went to St. Paul and became connected with St. Paul F. & M.

Afterwards he was made special agent covering a wide territory. Four years later he was employed as special agent of German American. After eight years' service he became a banker at Jamestown, N. D. He was offered the position of assistant superintendent in the western department of North British & Mercantile and accepted. The last two years of his career with that company he was superintendent.

It thus was seen that Mr. Dudley was a man of wide insurance experience, as he had a splendid knowledge of the business, and applied it in a practical way. He was diplomatic and got along in a friendly way with people. It was his

(CONTINUED ON PAGE 40)

Sees Need of Applied Psychology by Employer

From Jas. Vander Stoep, manager at Evansville for Indiana Inspection Bureau:

The first editorial in your Sept. issue begins with the statement "There are always two sides to every question". This statement is particularly true as applied to your second editorial in the same issue, entitled, "We Have Lost a Valuable Jewel". Your editorial appears to place the entire cause for lack of interest, responsibility, pride, contribution, duty, usefulness, obligation and a desire to see work well done with the employee. This is only half the story, how about placing some of the responsibility for this employee attitude on the shoulders of the employer where it belongs?

While it is true that a small percentage of new employees are looking for a chance to "get by", are seeking to shirk responsibility, or looking for a soft berth, it is our opinion that by far the majority of employees take a position with the full intention of giving that position their best efforts. A little simple applied psychology on the part of employers would go a long way to help maintain that intention, an occasional pat on the back, some evidence by the employer that the employee's efforts are appreciated, that he is of some value to the organization and some interest in the employees' personal problems go a long way toward maintaining that interest.

Any organization that is afflicted with a majority of "get by" employees can easily trace the cause to headquarters if they have the courage to face the facts. In an organization of this kind, you will find employees generally treated as part of a machine rather than as human beings, seldom a pat on the back from employer, a total lack of interest on the employer's part in the personal affairs of employees, and often a good bawling out when anything goes wrong. A little observation will soon show that if you want to slow a man down, try bawling him out.

The employer too often shirks the responsibilities of a little simple applied psychology by claiming that he is too busy. If he is too busy, some one in the organization with a little milk of human kindness in his bones should be held responsible for employee relations. In any organization the interest of employees in their positions will be reflected in direct proportion to the amount of interest shown in them by their employers.

N.A.I.C. Executive Group Meets in Chicago Oct. 9-10

LANSING, MICH.—Commissioner Forbes, chairman of N.A.I.C. executive committee, has called a meeting of that group for Oct. 9-10 at the LaSalle hotel, Chicago.

Subjects to be discussed include the question of uniform practice among states relative to the ratio of business written by companies to policyholders' surplus; problems involving the need for insurance required by statute or otherwise, and the need for early development of a central office, as approved at the Atlantic City meeting.

He said commissioners generally, in Chicago for the American Life Convention meeting, will be welcome to attend the committee sessions, and noted he was calling the meeting with the approval of President Thompson of N.A.I.C., who will attend. Commissioner Hodges of North Carolina and Deputy Commissioner Gough of New Jersey were credited with submitting the first two subjects on the agenda.

Reduces Policy Dividends

Federal Mutual Fire has reduced policy dividends to 15% on fire and allied lines. The return on automobile lines is 10%.

A. B. Take the G. Is C. in H. By G. HUN. Bray, Jr. the ex-president insurance. T. meeting Sulphur. A ga. 160 was Charles. Meeting. The heavily of the Highlig discussi and cash Wheery Virginia one of Commis. Mr. Y. monthly publish fact tha two yea faction sored s ment fr passed. forward. A m. Charles contin on a vo is desir nent, a new leg. To Que. The nair to list of There i law to i men w should "closed. Statin compan world ratin Butler s is need an Am needed. A co was giv the exe of a se appoint insuran bring a state, h Partic discussi superin

A. B. C. Bray, Jr. Takes Helm of the W. Va. Agents

Gathering at Huntington Is One of Best Attended in History

By GEORGE E. WOHLGEMUTH

HUNTINGTON, W. VA.—A. B. C. Bray, Jr., Logan, previously chairman of the executive committee, was elected president of West Virginia Assn. of Insurance Agents, succeeding T. J. Neff,



T. J. Neff

Wheeling, at its annual meeting. He is president of the August & Bray agency, and is a graduate of West Virginia University. He entered the business with the Claypool August agency at Logan in 1927, following his graduation. He became a member of the executive committee in 1942.

The 1948 annual meeting will be held Aug. 9-10 at White Sulphur Springs.

A gain of 22 members for a total of 160 was reported by C. T. McHenry, Charleston, secretary, in his report.

Meeting Well Attended

The meeting was one of the most heavily attended in the 48 year history of the association, with 150 present. Highlights of the meeting were the two discussion panels on fire and marine and casualty and surety with Prof. R. H. Wheery of Penn State, formerly of West Virginia University, as moderator, and one of the first public appearances of Commissioner D. S. Butler.

Mr. McHenry said six issues of the monthly association bulletin had been published. He called attention to the fact that the 50th anniversary is only two years away. He expressed satisfaction that the bill the association sponsored separating the insurance department from the state auditor's office had passed. It is felt to be a great step forward by most agents, he said.

A meeting will be held Oct. 1 at Charleston to discuss the feasibility of continuing the auto assigned risk plan on a voluntary basis until Dec. 1. If it is desired that the plan be made permanent, a bill will be introduced in the new legislature at that time.

To Questionnaire Agents

The department will send a questionnaire to all agents asking for a complete list of company representation, he said. There is need of an agent's qualification law to insure that only the most capable men will enter the business, but it should not act so as to result in a "closed shop".

Stating that the plight of the fire companies is the result of inflation, world wide conditions, a higher burning ratio and reserve requirements, Mr. Butler said modification of the term rule is needed. He urged the formation of an American reinsurance pool to give needed reinsurance facilities.

A comprehensive review of activities was given by Mr. Bray as chairman of the executive committee. The creation of a separate insurance department and appointment of Mr. Butler, a practical insurance man, as commissioner will bring a new era to the business in the state, he declared.

Participating in the short, to-the-point discussion panels, were: F. C. Ayres, superintendent mercantile fidelity divi-

sion U. S. F. & G., Baltimore; Frederick Dey, manager compensation and liability department Hartford Accident, New York; G. F. Kerr, secretary America Fore group, New York; George Nixon, assistant manager Marine Office of America, N. Y.; A. K. Carlin, manager automobile department Royal-Liverpool, New York, and R. F. Miller, vice-president National Union Fire, Pittsburgh. A discussion period followed each panel.

Oscar West, N.A.I.A. Washington representative, was banquet speaker. The National association ranks among the first ten of the 8,000 trade associations

in the country and represents from 115,000 to 125,000 adult American citizens, he declared.

Mr. Neff appointed the following committees: Nominating, E. G. Jackson, Chester, chairman; J. E. Wamsley, Logan; William Barger, Bluefield; Resolutions, T. H. Pollock, Wheeling, chairman; H. H. Keim, Elkins; Charles Sullivan, Huntington.

The Huntington Board was host at an open house preceding the banquet, the guests being greeted by Charles Sullivan, president.

Problems in the underwriting of taxi

risks were outlined by M. S. Aldrich, Charleston, one of the four representatives on the West Virginia assigned risk plan. He said companies participating in the plan which did not desire this type of risk were charging as much as \$1,000 premium per cab. The department can do nothing about this at present because it has no jurisdiction over rates.

Agents currently receive but 5% commission on risks assigned to the plan. This should be increased to 10%, he said. He pointed out the difficulty of

(CONTINUED ON PAGE 1B-C)



Member Companies

GREAT AMERICAN INSURANCE COMPANY

GREAT AMERICAN INDEMNITY COMPANY

AMERICAN ALLIANCE

AMERICAN NATIONAL

COUNTY FIRE

DETROIT FIRE AND MARINE

NORTH CAROLINA HOME

ROCHESTER AMERICAN

MASSACHUSETTS FIRE AND MARINE

One Liberty Street • New York City

N. Y. Police Ruling Expected to Curb Gyp Tow Outfits

A new police department ruling covering the city of New York is expected to give automobile claim men relief in connection with a practice of gyp towing outfits. A car owner signs what he thinks is a towing authorization in order to get the car off the street or highway. The adjuster discovers the car not only has been picked up but has been repaired, and there is a big bill. The owner thinks he is signing an authorization to tow only, but this authorization contains some fine type permitting repairs to be made.

The new order requires separate authorizations for towing and repairs. Since tow car owners and operators have to be licensed by the police department, the new regulation is expected to do away with much of the difficulty adjusters have had.

Kenneth Maines of Appleton & Cox and L. J. McCrory, Automobile Underwriters, handled the matter for Automobile Claims Assn. Mr. Maines reported at the last meeting. Leslie A. Lloyd of Pacific Fire presided.

At the meeting Lunn vs. Indiana Lumbermen's Mutual, decided by the Tennessee supreme court in favor of the insurer, was discussed. The case involved \$78.50 worth of damage, caused when the hood, which had a faulty foot latch, blew against the windshield. The court ruled that this was a mechanical breakdown and was not due to wind. Most of those at the meeting agreed that they would pay such a claim. Howard Taylor, Agricultural, introduced the topic.

Mr. McCrory, who has been with Automobile Underwriters Corp. of America, a financed automobile insurance management concern in New York City, resigned as director of the claims association. He is going to the Pacific Coast to take charge of Calvert Fire's claims department at San Francisco.

New members elected to the association are Fred Gamblicher, Norwich Union; George T. Patterson Springfield F. & M., and John Hansen, Chubb & Son.

The next meeting will be Oct. 9 when Max J. Gwertzman, attorney, will discuss subrogation.

Perlet Heads Unit in Ohio Fire Rate Setup

Superintendent Shield of Ohio has appointed Harry F. Perlet as head of the rate investigation section which is being organized to administer the new Ohio rate laws.

Mr. Perlet graduated in fire protection engineering at Illinois Institute of Technology and got his law degree from John Marshall law school at Chicago. He entered the insurance field with Ohio Inspection Bureau and during the war was engaged as an explosives safety expert by the joint army-navy explosives safety board.

After the war he became associated with Western Actuarial Bureau at Chicago. Mr. Perlet is a member of the Illinois and Federal bars.

Ferriss Becomes Editor

MINNEAPOLIS—Ben Ferriss, for several years publicity director of the Minneapolis chamber of commerce, has become editor of "Northwest Insurance" to succeed Peter J. Slettedahl, who took an executive position with the National Retail Druggists Assn. at Chicago.

Kentucky Sets Pace

Kentucky Assn. of Insurance Agents is the first association to pay its additional quota assignment to National Assn. of Insurance Agents under the organization's future financing program.

"Underwriting Profit" Proper Test, Moser Insists

Henry S. Moser of the Chicago law firm of Sonnenschein, Berkson, Lautmann, Levinson & Morse, in a paper presented at the forum for state rating experts at Richmond, urged that all of the states, in determining whether a rate meets the requirement of "underwriting profit" construe the statutes as requiring only. Such, he contended, was the intent of the drafters of the act and there are many decisions supporting such a construction.

To require investment profit to be considered in the determination of rate, he said, would be catastrophic. It would destroy all incentive for stockholders to accumulate surplus and would reduce the protection to policyholders. It would require investment losses to be likewise considered and in a market decline rates would have to be increased.

Urges Flexibility

Mr. Moser observed that there is presently no formula for the determination of proper underwriting profit in the casualty business. He said that it is essential that any such formula be not so rigid and inflexible as to fail to reward economical and efficient management. If there is a formula that provides that a certain percentage is a reasonable profit and that some additional amount is to be provided for catastrophe hazards, insurers who are able to earn an underwriting profit in excess of that percentage by reason of economical and efficient management, should not be prohibited from doing so. This would penalize efficient and sound management and discourage attraction of new capital to the business.

If the rate is reasonable a state should not be concerned with the fact that some insurers can develop a larger profit than others.

Mr. Moser, in speaking of expense provisions, said that while the commissioner should consider the expense components of a rate in order to determine its overall correctness, the laws in no way authorize the commissioner to regulate the actual disbursements made by an insurer for expense.

Uniformity Not Required

The fact that rates are required to meet certain standards does not mean that there is any requirement that there be uniformity among insurers, he emphasized. The laws do not require that all insurers shall be forced into a uniform pattern. Insurers may establish different rates and rating procedures provided that the results produced meet the standard specified in the act.

When a rate revision becomes effective for a rating organization on the basis of supporting information, an independent insurer filing a substantially similar revision is generally entitled to an approval thereof without the filing of supporting information, Mr. Moser declared. Otherwise the independent insurer might be required either to reproduce the supporting data already on file or to affiliate with the rating organization in order to have its revision approved.

Mr. Moser said the latest draft of the all-industry bill contains provisions for regulation of advisory organizations, joint underwriting or joint reinsurance and concerted rate modification with regard to assigned risks. He expressed the hope that states that have no provisions upon these subjects will enact appropriate amendments at the next opportunity.

Statistical Plans

Mr. Moser urged that the states promptly approve all statistical plans under which each insurer is to record and report its loss and country wide expense experience. These plans are not in identical form but the information required may be readily combined and they will produce experience information adequate for departmental purposes. Insofar as rating organizations are concerned, he said, it should be mandatory that all members and subscribers

use the statistical plans approved for their rating organization. An independent company should be permitted to use any of the plans so approved.

Various organizations have volunteered to act as designated statistical agencies and perform such functions as they are delegated. This will enable the work to be done by qualified experts at the direction of the insurance departments. This will produce much economy of operation. Companies that have no affiliation should be permitted to submit their experience reports to any one of the designated statistical agencies. A stock company should elect to report to the stock agency and a non-stock insurer to the non-stock agency.

STELLWAGEN SPEAKS

H. P. Stellwagen, executive vice-president of Indemnity of North America,

in his paper observed that a casualty rate is composed of a loss and an expense element. The former is usually determined from earned incurred exposure, premium and loss data modified to reflect conditions that may be expected to prevail during the period for which the rates are to be effective. Loss ratios are generally used in such lines as burglary and glass and pure premiums are used in the third party lines and in compensation. For most lines the loss element varies according to territory and classification.

The expense element is determined from national data compiled in accordance with the requirements of the casualty insurance expense exhibit.

Expense loadings are developed from this exhibit for each line and sometimes by classifications within a given line, where differences in factors for production cost or exposure audit require recognition. Subtraction of the expense loading from unity produces the permissible loss ratio.

Final or Gross Rates

Final or gross rates are established in the case of pure premium loss costs by dividing by the permissible loss ratio. In the case of loss ratio data, the indicated loss ratio is divided by the permissible loss ratio to obtain the factor by which existing rates must be modified to produce new rates.

Mr. Stellwagen emphasized that the new laws were never designed to produce complete uniformity of rate and rating methods for all classes of companies or even for all companies of a given class. The public should not be deprived of the advantages of a free market. From a strictly actuarial viewpoint there will be differences in rate between companies operating on different expense ratios. Rates produced from a 40% ratio will be lower than those produced from a 50% expense ratio. There are frequently other factors in given situations which will justify diversity.

Do not decry judgment, Mr. Stellwagen implored. "Casualty insurance is a living business and hence a changing business. New risks and unusual risks come each day and new lines of business appear each season. So far as I know St. Paul was not an actuary, but he gave us all good advice when he wrote 'Not

of the letter, but of the spirit; for the letter killeth, but the spirit giveth life'."

MURPHY GIVES VIEWS

Ray Murphy, general counsel of Assn. of Casualty & Surety Companies, gave

a masterful analysis of the legal significance of the S.E.U.A. decision and public law 15. He pointed out that state regulation no longer has the protective armor of 75 years of judicial precedent. It must stand or fall on its own record. If it falters or fails to do the job set for it by Congress the days of substantially exclusive state regulations will be short-lived. It is certain that, given the opportunity, those who wish further to increase the power of the federal government will not be hesitant to act as opportunity offers.

The court, Mr. Murphy said, has consistently recognized the right of Congress to permit the states to regulate interstate commerce. There was ample precedent for public law 15.

Validate State Laws

From a practical standpoint there can be no doubt that Congress by its action can validate state laws which in the absence of such action might be held invalid as burdens on the national interests of interstate commerce. So apparently insurance can rely with reasonable certainty on the general state regulatory pattern. This was not so before enactment of public law 15. This does not mean that any existing or future state laws are necessarily validated by PL 15.

State supervision as it is now known depends on the will of Congress. A conspicuous record has been made to date by the states in enacting laws deemed necessary to preserve state regulation. Perhaps, he said, an even bigger job lies ahead. With an unprecedented number of laws placed on the books the immediate task of industry and state officials is to make those laws work. "If we move forward in a spirit of co-operation, all of us, industry and state officials alike, will make the best possible contribution toward the continuance of state regulation."

CURREY SANDERS

Currey Sanders, deputy Tennessee commissioner, in his paper, enlarged upon the differences in price determinations in the insurance field and in merchandising. Unlike a seller of a commodity that can fix a price based upon the exact cost of the article, an insurer cannot know the largest element of its cost which is the loss cost. This can only be estimated on the basis of an average of what that particular coverage has cost in the past.

Then, too, when ordinary merchandise is purchased, the transaction is usually at an end and the buyer is unconcerned as to what happens thereafter to the seller. However, insurance deals in promises to do something in the future.

The insured, claimant and public are all much concerned that the seller be not only in existence at the time of performance, but that it be able to perform when called upon to do so. Not only is the buyer and seller interested, but the victims of future accidents have a stake in the matter. These victims have to be represented by the regulatory official.

Getting Value Received

If the public is to buy insurance with confidence, someone must see to it that value is received. Perhaps no modern

(CONTINUED ON PAGE 40)



Ray Murphy



H. P. Stellwagen

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Michigan Grants Fire Insurance Rate Increases

LANSING—Approval by Commissioner Forbes of Michigan of a fire rate increase averaging 12.2%, made effective Sept. 11, has created something of a problem relative to business renewed prior to the date of the increase, insurance observers say.

Many agents had their October renewals in the mails, approved by the audit bureau, prior to the notification relative to the rate boost. Whether the companies would insist that these policies be rewritten and the additional premium charge collected appears doubtful. It is reported that a few agents who had strong suspicions that a rate increase was in the offing had canceled and rewritten considerable business for important clients within the past 30 days.

The commissioner's order did not go out until late the night of Sept. 10 but the Michigan Inspection Bureau, which had applied for rate increases last February, had its notices to agents in the mails so that they were received in most southern Michigan places the morning of Sept. 11. Indications of advance information were given in the premature announcements of the increases made in the Sept. 10 afternoon editions of at least two daily newspapers. Mr. Forbes did not officially announce his approval of the rate filings until a press conference on the morning of Sept. 11.

Five Year Loss Ratio 58.3

The commissioner said he felt forced to approve higher rates because the statutes make him responsible for determination of "adequate, reasonable, and not unfairly discriminatory" rate structures. He said the department considers 50% a fair loss ratio but that the Michigan ratio for a five-year period actually has amounted to 58.3 although a rate reduction, averaging 5% was made in the spring of 1944, at which time rates for some classes of risks were cut as much as 25%. Dwelling rates, he said were reduced approximately 4% at that time on top of a 7% reduction in that classification in 1942. The last previous general revision, he said, was in 1929.

"Experience has proved that the present rates in a great many classes of risks are inadequate," Mr. Forbes explained. "Fire insurance companies have been withdrawing from the state, others have materially reduced their writings. The public today is having difficulty in purchasing adequate fire insurance coverage. It is self-evident that, because of the inflated dollar, a loss that would have amounted to \$10,000 in 1942, is nearer a \$20,000 loss today. Present rates did not contemplate the inflated dollar, nor the number of losses that have occurred in the past few years."

Ratio Would Have Been 51

The department, he said, found that, had the increases now approved been applied to the business over the past five-year period, the resultant loss ratio would have been 51. Hence it was decided such an increase at this time would be entirely justified.

The increases, by classes, are: Protected brick buildings and contents, 25%; unprotected brick buildings, 10% and on contents 5%; protected frame buildings and contents, 15%; unprotected frame buildings and contents, 10%; protected dwellings, 2 cents per \$100 per year; lumber yards, 20%; public buildings, schools and churches, 20% on protected brick buildings and 5% on contents; 10% on protected frame buildings and contents. Unprotected risks in this category are unchanged as are unprotected dwellings, summer dwellings, sprinklered buildings, farm property, and fireproof buildings.

The commissioner said that, on a basis of 1946 volume of \$27,213,465, the in-

creased premiums collected would amount to \$3,326,276.

Mr. Forbes said the sharp increase in volume is an important element to be considered. The increase in premiums in 1946, he noted, was from approximately \$19 million the previous year to some \$27 million. Since a large part of this is term business, he said, the companies obviously have a greatly increased liability but reserve requirements for the remainder of the term leave a relatively small additional premium fund available to meet current losses which are believed at a record peak.

Mr. Forbes called attention to the gravity of the loss situation country-wide, as well as in Michigan.

Public Must Be Aroused

"The public must be aroused to the seriousness of the situation," he said, "and all civic minded groups should do everything in their power to educate the public in fire prevention measures. Such an endeavor would not only save lives, but also dollars, as is evidenced by the necessity for increased fire insurance rates".

The Michigan Inspection Bureau's notice to agents hinted likelihood of

further pressure for rate increases if the current trend continues.

"These increased rates have been made necessary as a natural result of the substantial increase in the fire loss ratio owing to the high frequency of losses and also the appreciably greater expense of repairs and property replacement due to the continued rise in costs of materials and labor," the bureau said. "Further continuance of this trend may make necessary more rate adjustments in the future".

Michigan became the second middle-western state to approve rate increases, the first having been Indiana, June 7.

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Problems, Advantages in Full Underwriting Powers

NEW YORK—An effort is expected to be made in the next session of the New York legislature to secure full multiple line underwriting powers. At present the fire and casualty companies may interchange reinsurance, and on

Jan. 1 each kind of insurer will be permitted to write automobile and aircraft both fire and casualty lines, and exchange reinsurance abroad.

The net effect of additional powers of companies in New York is not ex-

pected to be great at the outset. Authority to interchange reinsurance has had only mild results, principally as it enables one company in a group to assume a larger line than it could if it did not have the second company for reinsurance purposes and thus would have to take a smaller line, or, under present market conditions, not take it at all.

No Spectacular Results

Although the effects of full multiple line underwriting powers would not be spectacular nor immediate, many observers believe they would be of real value to the companies as time goes on. At the outset there was considerable opposition to extension of such powers. Some of this opposition has now disappeared. It undoubtedly bottomed on competitive considerations. Supposing there were 200 fire companies and 100 casualty companies, the fire companies would have to divide the good agents of the country 300 ways instead of 200, once the casualty insurers could write both fire and casualty business.

The office of W. D. Winter, chairman of Atlantic Mutual, who has taken a keen interest in securing multiple underwriting authority for the companies, has prepared a list of states in which domestic companies can write fire and casualty insurance. The list is larger than other lists that have been published in this connection, because it includes states where there seems to be no specific prohibition against writing both fire and casualty coverages even where there is nothing definite said on the subject in the state's laws.

List of States

This list consists of: Alabama, Arkansas, California, Colorado, Florida, Georgia, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, District of Columbia, Alaska, Hawaii, and the Virgin Islands.

In addition to this list, Iowa and Nebraska permit full automobile coverage; Pennsylvania has powers similar to New York; and in New Hampshire casualty companies can write automobile business.

For the company or group of companies under one management that have written but one line, it will help to write the automobile and aircraft coverages without going to an outside company or without having to set up an additional company, which some insurers in the past have had to do. In New York the additional powers effective Jan. 1 would remove the barrier to companies that write full coverage automobile in other states. They would now be able to get into New York where previously they were unable to do so.

Development of Packages

One thing that multiple line underwriting powers is expected to do is aid in the development of package insurance, at least on personal accounts as opposed to commercial. The lack of liaison in the insurance business is sometimes noted, but a company that can write all lines could, it is believed, operate successfully with one manager over all forms of personal account insurance.

If the casualty companies write and reinsure fire, and the fire companies write and reinsure casualty, the natural development, even if slow, will be to increase capacity. Certainly this ability will increase the company's flexibility.

More and more reinsurance, it is believed, will be written in this country as time goes on, and the multiple line underwriting powers will create a real increase in the reinsurance market in the United States.

If there are certain advantages to multiple line powers, there are also problems.

For example, after Jan. 1, in New York state, fire and casualty companies can write all automobile and aircraft lines. The automobile casualty commissions on bodily injury are 17½% and on property damage 20% for the local agent or broker; 20% on both for regular agents and 25% on both for general agents. On automobile fire lines the commission is 25% for local agents or brokers except for certain excepted cities, where it is as high as 35%.

Is the commission to be the same on both lines when written by one company, or is it to be continued as at present?

Who is going to do the underwriting, the fire company or the casualty company? Should there be one underwriting department for all automobile lines? If so, what will a group that at present writes the two lines in two separate kinds of companies do with the departments that now operate separately? This poses certain personnel problems. In some groups the accounts and statistical departments have been separated, and to a certain extent also there have been different agency forces. One company group has the same underwriter for all automobile lines, the same accounting and statistical process, but the country is broken down geographically, and the underwriter's authority extends to his geographical limits. He is equipped to handle all automobile lines for a certain territory.

Can Keep Them Separate

Another group may decide that the business is big enough and important enough for the underwriting and possibly some of the other departments to continue to operate separately. This might well be the case with companies producing large amounts of automobile business. A possible objection to separate departments is that in some groups the fire companies have been top dog, and they won't want to do anything that is likely to upset their procedures. However, if certain important changes are to be made, probably now is the time to make them.

The problem finally comes down to a practical one of trained personnel, equipped to handle one kind of business or the other—or, in certain cases, both. A number of companies, in Texas, for example, keep the loss and claim departments and the underwriting departments for fire and casualty separate. The problems are considerably different. Liability, for example, is regarded as a good deal more complicated than settling physical damage claims. On the latter, some Texas companies use garage men as adjusters. They know body damage and what should be paid to repair it. On the other hand they may not know the first thing about third party relationships.

Some savings are expected from issuing one policy that contains all automobile and aircraft lines, and this might well be a governing factor in issuing combined policies for other fire and casualty lines.

Manitoba Hail Loss This Year Very Adverse

WINNIPEG—Current indications are that hail damage in Manitoba this year will be at least five times that of 1945; and, on the whole, hail insurance companies will have an extremely adverse year for the three prairie provinces.

A conservative estimate has put hail losses for the year at around \$40 million, one-half of this total in Alberta alone, where it is figured 25% of the farmers carried enough insurance to cover the cost of labor and other crop expenses.

Hail losses in Manitoba are expected to create a new all-time record. Part of the increased losses were covered by insurance; but there are sections which were not covered due to the fact they rarely are touched by hail.

There are 14 crop districts in the province and as a rule no more than half report hail damage in any one year. This year 13 have reported serious losses.

OPPORTUNITY



PERSONAL PROPERTY FLOATER

Though the vacation season is "on the wane," there will be thousands of people constantly "going somewhere." Whether they travel by airplane, boat, train, or auto, one of the first items that they should purchase to allow them to travel with peace of mind is a Personal Property Floater. Comparatively few people today are aware of the breadth of coverage afforded by the policy. Alert agents and brokers can render a great public service by actively soliciting future travelers and outlining the many advantages of this world-wide protection.

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Program for Kansas Agents' Rally

The program and plans for the annual convention of the Kansas Assn. of Insurance Agents Oct. 22-24 at the Jayhawk Hotel, Topeka, were announced this week by George Staebler, Meade Co., Topeka, general chairman.

Charles Schoonover, Jr., Bosworth & Schoonover, Garden City, state vice-president, is program chairman.

Kansas President Webb Woodward of the Woodward agency has announced the nominating committee with Alex Case of Marion as chairman. The resolutions committee is headed by George Stoskopf, Baxter Springs, past president.

Committee reports will include accident safety, L. B. Brown, Wichita; conference, E. S. Nellis, Topeka; farm writing agents, George Bacon, Eldorado; fire prevention, Joe Moddrell, Wichita; grievance, C. K. Foote, Wichita; legislative, Wade Patton, Hutchinson; local board and education, Marjorie Wilson, Topeka; membership, Arch McKown, Independence, and speakers bureau and public relations, Max Staley, Wichita.

The complete program is:

Wednesday, Oct. 22

Executive committee meeting.
Annual golf tournament.
Past presidents' dinner, Holmes Meade, president Meade Co., Topeka, presiding.
Stag buffet supper and entertainment, Western Fire and Western Casualty & Surety, hosts; presentation of golf prizes.

Thursday, Oct. 23

Rural agents' breakfast, George F. Bacon, Eldorado, presiding.
General session, President Webb Woodward, Topeka, presiding.
Report of administration, President Woodward.
Report of state-national director, Victor G. Henry, Wichita.
Appointment of committees.
"Safety Education," H. R. Danford, director of education National Conservation Bureau, New York.
"Accident Prevention Program," Patricia Solander, Topeka, Kansas highway commission.
"Laws vs. Ethics in Insurance," Commissioner Sullivan of Kansas.
Executive session for members only.
Insurance women's luncheon, Miss Marjorie Wilson, secretary Meade Co., Topeka, presiding. Address, Richard E. Farrer, director education N. A. I. A.
Visiting ladies luncheon, Mrs. Geo. Erickson, president Topeka Blue Goose auxiliary, presiding.
Afternoon—Second convention session.
"Selling Problems of Tomorrow," Clinch, "The Local Agent at Work," Cheney Prouty, Kansas City.
"Insurance Education a Must," Richard E. Farrer.
"Do Cooperatives Get a Tax Subsidy?" Karl Kennedy, Topeka, editor "Kansas Business Magazine."
Annual banquet. Presentation Rosse Case memorial award in fire prevention. Presentation Frank T. Priest cup to local board.

Friday, Oct. 24

Third convention session.
"The Governor's Fire Prevention Program," Clyde Latchem, state fire marshal.
"What Insurance Agents Can Do in Fire Prevention," Joe Moddrell, Wichita, chairman state association fire prevention committee.
"Insurance Laws and Present Trends," Allen Meyers, Topeka attorney.
"The Only Hell There Is," Alpha H. Kenna, executive manager.
Executive session, annual election, committee reports.

See Record Attendance at Ohio Golden Anniversary

COLUMBUS—Advance registration indicates, according to Theodore M. Gray, secretary of the organization, that attendance at the golden anniversary convention of the Ohio Assn. of Insurance Agents Monday and Tuesday in Toledo will be the largest of any convention in the history of the association. At a section over which John Mahon of Columbus will preside, E. P. Gallagher, American States, will discuss "Casualty Rating Laws in Ohio," and

S. W. Schellenger, Buckeye Union companies, will talk on "Building a More Profitable Agency."

Frank B. Kase of Toledo will preside at the luncheon Monday. Superintendent Shield of Ohio will present Superintendent Dineen of New York, who will deliver an address. Later William P. Welsh of Pasadena, vice-president of N.A.I.A., will talk. Norman W. Adams of Warren will be toastmaster at the banquet Monday evening. The speaker will be Sam Vining.

Tom Bartlett will be in charge of a farm writing agents' breakfast, at which

Paul A. Wilder of the Ohio Farmers will speak. At the luncheon Tuesday, H. S. Boynton of Toledo will preside and H. P. Stellwagen, vice-president of Indemnity of North America, will speak. Awards will be made at this luncheon.

May Boost Knoxville Line

KNOXVILLE, TENN.—Because of action of Paul Morton, former city manager, in cancelling all fire insurance and subsequent action of the city council in contracting for a binder type of coverage, insurance on city property has cost

about 48 cents per \$1,000, while City Manager Morrison has pointed out to the council that coverage of \$6,700,000 on a three-year basis could be had for about 30 cents per \$1,000.

A citizens insurance committee, appointed by the council and headed by Ed Sample, local agent, has about completed an evaluation of all city buildings and will recommend raising coverage accordingly. The city council cannot appropriate for premiums beyond one year, but local banks have agreed to finance the policies in order to take advantage of the three-year premium rate.

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NEWS OF FIELD MEN

J. D. Cameron Enters Mo. Field for Hanover

Hanover Fire has appointed James D. Cameron as special agent to assist State Agent A. R. Smith in Missouri.

Mr. Cameron had about five years fire insurance experience in the west prior to the war and then served in the air force. Since then he has been an American Airlines pilot. His father, J. William Cameron, has been with the western department of Hanover about 40 years.

Raffin Wis. Chief of Fire Association

Peter Raffin has been appointed Wisconsin state agent for Fire Association to fill the vacancy created by the death recently of Archie Meredith.

Mr. Raffin is a native of Wisconsin and in addition to having had local agency, inspection bureau and field experience, he was connected with the Wisconsin insurance department for about five years. He joined Fire Association a few years ago and was assigned to the Michigan field. His headquarters will be at Milwaukee.

Associated with Mr. Raffin will be A. J. Fulton, who has been special agent in Wisconsin.

Kan. Preventionists Meet

The executive committee of the Kansas Fire Prevention Assn. met in Topeka with Chairman F. M. Jackson, Aetna Fire, presiding, and laid plans for the meeting of the association held Tuesday in Topeka. The governor's fire prevention conference was outlined by President V. E. Herbert, Loyalty group, to include day sessions at Topeka, Hays, Dodge City and Chanute in October with a number of association members serving on the fact finding groups.

Invitations to hold town inspections at Emporia, Augusta, Coffeyville and Troy were received and it was voted to

inspect Troy in November and refer the others to committee for recommendations. It was voted to purchase five moving picture trailers from Underwriters Laboratories for use in Fire Prevention Week. Contact men assignments for the week under Chairman C. J. Wintrol for affiliated towns and W. E. Studebaker for non-affiliated were discussed. A 100% participation is anticipated this year.

Janousek Now Big Toad

E. P. Janousek, Security, has advanced to big toad of Sunflower Blue Goose puddle at Wichita following resignation of W. H. Moore, big toad elect, at the opening fall meeting. Due to entering the local agency field as a partner in the Cook & Colver agency at Wichita, Mr. Moore tendered his resignation but will retain membership in the Blue Goose and with C. E. Stiehl, London & Lancashire is a delegate of Kansas pond to the grand nest meeting at Miami.

Harry B. Brown, Northwestern National, advances to pollywog; C. J. Wintrol, Royal-Liverpool, to croaker, and a new bouncer will be named following recommendations of a nominating committee.

E. P. Johnson to Va. Field

Security of New Haven has appointed Everett P. Johnson as special agent for Virginia. He will operate as assistant to State Agent Harry N. Taliaferro with headquarters at Farmville.

Mr. Johnson was graduated from Dartmouth in 1942, and served in the China-Burma-India theater in the army air transport command. For the past year he has been employed at the home office of Security.

J. W. Herd Is Honored

ST. LOUIS — John W. Herd, state agent for Scottish Union, was presented with a life membership certificate in the St. Louis Blue Goose at a luncheon meeting. The presentation was made by

Denton H. Painter, retired St. Louis manager for St. Paul F. & M.

Mr. Herd has been with Scottish Union 33 years and prior to that he was with the old American Central in Wisconsin and Minnesota. He has been in the business 47 years.

He stated that he was entering a hospital for a minor operation.

The guest speaker was Frank Eschen of radio stations KSD and KSD-TV who gave a talk on television.

K. M. Vick in Ill. Field

Kenneth M. Vick has been transferred from the western department office of the Loyalty group to Springfield, Ill., as special agent to assist State Agent Lloyd J. Eppler.

During the war Mr. Vick served as a first lieutenant in the army air forces. He attended Northwestern University in the school of commerce.

Eau Claire, Wis., Inspected

The first of a series of town inspections was conducted at Eau Claire by the Wisconsin State Fire Prevention Assn. Emmet T. Cox, Western Actuarial Bureau, Chicago, spoke at the dinner on "Fire and Fire Prevention." Heading the local committee was J. H. Carney, president Wisconsin Assn. of Insurance Agents.

Iowa Blue Goose Activities

The Iowa Blue Goose will hold its fall picnic for its members and families Sept. 27. Speaker at the luncheon Sept. 22 will be E. R. Rust, Des Moines manager of Underwriters Adjusting, former most loyal gander.

The Eastern Iowa puddle will hold its first fall meeting at Cedar Rapids Sept. 30.

Plan Michigan Inspections

Michigan Fire Prevention Assn. will inspect Fremont on Sept. 30 and St. Louis Oct. 2.

Rocky Mountain Meeting

A meeting of the Rocky Mountain supervisory committee will be held the week of Sept. 22 at Denver.

N.A.I.A. to Get Tips on Sales Approaches in Three Lines

"Sales approaches" will be considered in the sales efficiency conference at the convention of National Assn. of Insurance Agents at Atlantic City, Oct. 12-15.

Albert C. Deisseroth, Syracuse, will preside at this session. He is president of New York State Assn. of Insurance Agents.

Everett M. Owen, Davenport Insurance Corp., Richmond, will head the panel with a discussion of successful approaches in the sale of the personal property floater. He will be followed by Don Walful, Syracuse, on "Comprehensive Liability," and F. Addison Fowler, Leonhart & Co., Baltimore, on "Time Element Policies."

The conference is scheduled for the morning of Oct. 15. This will include an "Insurance Information Please" quiz conducted by the educational division. Concluding address of the sales session will feature Vernon E. Vining, merchandising consultant Westinghouse Electric Appliance Division, Mansfield, O.



A. C. Deisseroth

Many Drop Ordinary Payroll Cover

A number of brokers these days have been recommending to certain assured that have been covering ordinary payroll under use and occupancy policies, that they drop such insurance at this time. Much of this cover on ordinary payroll was placed during war years when manpower was at a premium and factory management feared that its personnel might vanish forever if there were interruption of operations by fire and the men were dropped from the payroll.

Manpower Situation Eased

Today, however, the manpower situation has eased in a number of industries and the brokers that are recommending such action feel that in case of a shutdown, the old staff could be replaced when operations are resumed and that moreover, most of the workers would probably simply stand by and would be available after the end of the shutdown.

The brokers are killing two birds with one stone in this, because by eliminating ordinary payroll, they are usually able to get greater amounts of property damage cover for their clients and also increased amounts of U. and O., ex-ordinary payroll.

Hague-Rogers Enters Local Agency Field at Toledo

D. P. Hague-Rogers, who was formerly special agent for American group at Toledo, has gone into the local agency business at Toledo.

He has been very prominent in the field clubs and the Blue Goose in Ohio. He was at one time with Eagle Star.

Mr. Hague-Rogers, together with Hugh J. Bartley and Herbert W. Adler will control and operate Kirschner-Wideman Co.

This agency was formed in 1897. Mr. Bartley has operated the Hugh J. Bartley Realty Co., for 30 years, Mr. Adler joining him in active association about 10 years ago.

George J. Wideman will continue to assist in the agency.

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Rodda Opposes Uniform Inland Marine Conditions

Insurance departments were exhorted by W. H. Rodda, in his talk at the conference of rating specialists at Richmond, to avoid insisting upon uniform inland marine underwriting conditions in their states. Mr. Rodda is secretary of Transportation Insurance Rating Bureau of Chicago, which is a mutual organization.

The public will best be served, he contended, that has available a variety of inland marine forms and rates. He said a group of companies that keeps a close watch on its classified experience over a period of years can establish a pattern of rates that is suitable for that particular group and that pattern may be different from that which is suitable for another group. Inland marine, he said, is of such a nature that a single rating system will not serve the insurance public well.

Differences Are Cited

The rules, rates and forms of the two principal inland marine rating bureaus are closely similar, but there are some important differences. For example, the stock company bureau leaves to the individual judgment of its companies the forms and rates for motor truck cargo, transportation, bailees' customers and many of the miscellaneous floaters. The mutual bureau, however, has prepared forms and established rules and rates on all forms and coverages. Mutual bureau has experimented with rating formulae for such difficult types of coverage as bailees' customers and motor truck cargo.

The ultimate goal is to develop a rating system in which actual loss experience will play an increasingly larger part in the computation of rates.

At present some of the classifications are so small that loss experience is not a dependable guide.

Mr. Rodda contended that uniformity in the past would have stifled progress. For instance, had the nation-wide definition not been altered, the personal property floater would never have been made available. Also the cold storage locker bailee floater was introduced despite the prohibition of the nation-wide definition.

Combined Coverage Form

The mutual companies have developed a combined coverage form of policy although the stock companies have been opposed to issuing a specified perils type of inland marine policy on household goods.

A form or procedure not considered feasible by one bureau may be entirely workable for another group of companies, he said.

The rules, rates and forms of any one bureau should not be adopted for use by the entire industry without careful examination of their effect on the public and the industry.

No rule, rate or form should be adopted merely because a majority in the business believes that is the way it should be done. A factor that may upset all forecasts is the probable entry of casualty companies into the inland marine field. Perhaps they will bring in new ideas which will enliven the business.

Premature insistence upon uniformity could impair the value of the statistical information which is collected. For instance the PPF of the mutual companies includes full coverage for the fire and extended coverage hazards on unscheduled jewelry, watches and furs. The stock company policy has a \$250

limitation on these items regardless of the cause of loss. However, in those places where the mutual companies are required to use the stock form, the figures are not related correctly to the rating system, but are a mixture.

Kansas Short Course Is Success Despite Heat

The annual fire and casualty short course at University of Kansas, sponsored by the Kansas Assn. of Insurance Agents, had 104 paid registrations, according to Alpha H. Kenna, manager and educational director state association. It was self-supporting. Students' interest was keen and all classes were well attended in spite of the extreme heat up to 111 degrees. A vote favored continuation but preferred early June for future dates.

There was an address on "Kansas" by Prof. Allen Crafton of the speech department. At a night entertainment the K. U. football squad, Kiwanis and

members of the university's extension department were guests.

Credit goes to Hobart Hanson of the extension department and the "deans," who included H. W. Hoffman, Phoenix Indemnity, Lawrence; G. L. Hampton, Wichita, Phoenix-Connecticut state agent; Alex Case, Marion agent, and Kenneth Ross, Arkansas city agent. Marjorie Wilson, secretary Meade Co., Topeka, chairman educational committee Kansas association, was in charge, assisted by Robert Charlton, Charlton agency, Lawrence, and E. H. Browne, Jr., immediate past president Kansas City (Kan.) association.

The executive committee of the state association met in Topeka for two days following the short course and voted to hold the next short course in June, 1948, at Kansas University. Executive Manager Kenna reported 46 new members in the year with a net gain of six. Final draft of the modified constitution and by-laws was approved subject to action at the annual convention in October. It was voted to stress accident and fire

safety during the coming year. Webb Woodward, Topeka, was named alternate state national director.

Minn. Regionals Active

Regional agents' associations in Minnesota are getting an early start on their fall and winter activities. September meetings are being held by the Central, South Central, Southern, Southwestern, Southeastern regionals and by the Range Assn. of Insurance Underwriters.

The Southeastern met at the home of Mabel Baumann in Winona for a discussion of "How Deep Do My Services Reach Into the Life of My Community?" Plans for observance of Fire Prevention Week were discussed.

H. M. Forrey, state agent Fire Association, spoke on business interruption insurance at the Southwestern regional Sept. 17 at Worthington and the sound movie "Crimes of Carelessness" was shown.

The Range association held its annual meeting and election at Eveleth.

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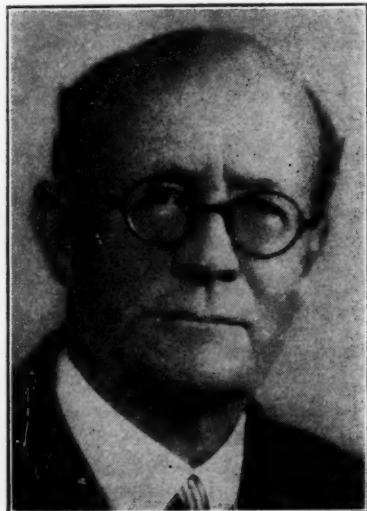
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74 YEAR VETERAN RETIRES

L. & L. Makes Changes in Top Management Group

It is announced that, as of Sept. 30, Sir Fredrick Pascoe Rutter, whose official connection with the company commenced 74 years ago, will relinquish the



SIR FREDERICK RUTTER

chairmanship of the board of London & Lancashire, a position he has filled since 1921.

Sir Arthur Rogers, at present general manager, will on the same date retire from that position to assume the chairmanship in succession to Sir Frederick. Sir Arthur, who joined the organization on leaving college in 1899, is well known in the U. S. It is hoped that his frequent visits here will continue.

Sir Arthur's position of general manager will be taken over at the same time by Thomas Wallas, at present deputy general manager. While Mr. Wallas is not so well known in the U. S. as his predecessor, nevertheless, his first official visit made under war conditions towards the close of 1944 made many friends for him here.

He has been with the organization since 1909, when he joined the affiliated Standard Marine at Liverpool, transferring to the chief administration of London & Lancashire in 1919.

New Capital Doesn't Spell Expansion Binge

The management of companies that have already effected a capital increase or that contemplate or have such a financing program in the mill, are aware of the danger that such an expansion may have too buoyant an effect upon their own organizations and their agents. At least one of such companies, it is said, has gotten out a bulletin to its offices that is intended to curb any exhilaration. The management emphasizes that its object is to hold onto this new money and to make it pay dividends, and the organization is instructed to continue to pursue a policy that is aimed at producing profits rather than to go on a profitless expansion binge.

Wichita Agents Hear Weldon

Ray Mann of Dulaney, Johnston & Priest, new president of the Wichita Assn. of Insurance Agents, presided at the opening meeting of the new year with a good turnout to hear B. J. Weldon of the same agency review his discussion on business interruption insurance which he had given at the fire and casualty short course at University of Kansas the previous week. He defined business interruption as "the cov-

erage an assured hears of first after he has had a loss."

The Wichita association voted to invite the Kansas association to hold its 1948 annual meeting in Wichita. H. A. Stutsman veteran agent and a former president, was welcomed back following recovery from an accident some months ago in which both arms were broken.

Chapin, Hartford Official, Enters Reinsurance Field

NEW YORK—R. C. Chapin, secretary of Hartford Fire, has been elected a vice-president of Guy Carpenter & Co., reinsurance intermediaries, effective Nov. 1.

Mr. Chapin began with Hartford in 1910 and has been with that company continuously, except for two years in the navy during the first war. For the past 12 years he has administered Hartford's major fire department reinsurance affairs, in addition to other duties.

Richmond Short Course Draws 200 Attendance

The short course at University of Richmond sponsored by the school of business administration and Virginia Assn. of Insurance Agents was so successful according to J. Earle Dunford, the agents' manager, that it is planned to hold one annually hereafter. The first one was held at the College of William & Mary in 1940 and the second at University of Richmond in 1941.

Attendance was 200. The attendance prize was won by A. E. Spottke, secretary, National Bureau of Casualty Underwriters, one of the instructors. An interesting feature was a quiz program conducted by R. E. Farrer, educational director of N. A. I. A., with 10 local and special agents participating. Another instructor was Guy T. Warfield, Jr., Baltimore, N. A. I. A. president.

Tuesday evening the Richmond association was host at a social hour, followed by a banquet. Through the courtesy of Aetna Casualty, movies were shown on accident prevention and other insurance topics.

Reuben H. Rasmussen, formerly insurance manager for the Swan-Lorish real estate organization of Chicago, has joined Ettinger Insurance Service of Rockford, Ill., as underwriting and office manager.

Insurance Stocks

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. La Salle St., Chicago
Sept. 15, 1947

	Par.	Div.	Bid	Asked
Aetna Casualty	3.00	76	76	78
Aetna Fire	1.80*	43 1/2	45	
Aetna Life	1.60*	39 1/2	41	
American Alliance	1.00*	19 1/2	20 1/2	
American Auto	.80	33	34	
American Casualty	.80	10 1/2	11 1/2	
American (N. J.)	.70*	18 1/2	19 1/2	
American Surety	2.50	55 1/2	57	
Baltimore American	.30*	5	5 1/2	
Boston	2.20	57 1/2	59 1/2	
Camden Fire	1.00	21 1/2	22	
Continental Cas.	2.00*	46	47	
Fire Association	2.50	45	47	
Firemen's (N. J.)	.50	12 1/2	13 1/2	
Franklin Fire	1.00	19	20	
Glens Falls	1.60	43	45	
Globe & Republic	.50	8	9	
Great Amer. Fire	1.20*	28	29	
Hanover Fire	1.20	24	25 1/2	
Hartford Fire	2.50*	96	98	
Home (N. Y.)	1.20	24 1/2	25 1/2	
Ins. of N. A.	3.00*	85	87	
Maryland Casualty	.11	12		
Mass Bonding	4.00	80	83	
National Casualty	1.25*	27 1/2	29	
National Fire	2.00	45	47	
National Lib.	.30*	5	5 1/2	
New Amsterdam Cas.	1.00	28 1/2	30	
New Hampshire	1.60*	48	49 1/2	
North River	1.00*	22	24 1/2	
Ohio Casualty	.80	35	37	
Phoenix, Conn.	2.00*	75	77	
Prov. Wash.	1.40*	31 1/2	33	
St. Paul F. & M.	2.00	66	68	
Security, Conn.	1.40	25	27	
Springfield F. & M.	4.75*	104	107	
Standard Accident	1.45	29 1/2	31	
Travelers	18.00	565	575	
U. S. F. & G.	2.00*	44	45 1/2	
U. S. Fire	2.00	51 1/2	53	

*Ex rights.

*Includes extras.

North America Wins Installment Plan Victory in Miss.

Chancellor Stricker at Jackson, Miss., has ruled in favor of North America on its installment premium endorsement plan. The decree held that the Mississippi insurance commission had jurisdiction of the application for approval of the plan and that the commission's power to approve the endorsement and plan was not deprived by failure of the Mississippi state rating bureau to approve the filing.

The court held that the plan was not in conflict with any state laws and that there was no discrimination. The ruling of the commission in not approving the plan was reversed and set aside. The decree ordered that the plan be approved for use by North America and such other companies in Mississippi who desired to use it. The decree instructed the Mississippi Commission to enter an order rescinding its former action.

The petition has been pending in Mississippi for the last year. Mississippi Assn. of Insurance Agents did not take any stand with reference to the use of the plan for this state.

Fred J. Lotterhos of Jackson represented North America and the commission was represented by James Blalock, also of Jackson. It has not been indicated whether an appeal from the ruling will be taken.

LOSES IN OKLAHOMA

OKLAHOMA CITY — The Oklahoma attorney general has confirmed his opinion of June 9, holding it is discriminatory for North America to offer both the regular one year policy and also the installment premium endorsement under which the first premium shall be equal to that for a one year policy and for the subsequent four years shall be 78% of the premium for one year.

The attorney general said that the mere fact that an insured has the option of purchasing a policy covering a specified risk for a lesser premium than that of a similar policy issued, does not mean that the company itself has the right to collect and receive a specified premium for the policy and at the same time the right to collect and receive greater premium for a similar policy from other clients. The opinion held that such practice is discriminatory and in violation of the Oklahoma statutes.

Walker Heads Committee

Ralph Walker of Aetna Life has been elected chairman of the conference committee on health insurance, composed of representatives of 10 insurance organizations. He succeeds W. A. Milliman, who has resigned as 2d vice-president of Equitable Society.

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Divorce Politics from Rate Action, Martineau Counsels

N. Y. Deputy Warns of Keeping Weather Eye On Political Winds

In the administration of rate laws, the department should avoid permitting political considerations to influence the decision on increases or decreases, Walter F. Martineau, deputy New York superintendent, declared in addressing the conference of rating personnel at Richmond.

"The department which keeps a weather eye on the political winds, and which fears to make necessary rate changes either upward or downward for that reason, is only making its task that much more difficult," the speaker declared. "It will take only a few years in every state where rate regulation is new to establish the custom of periodic revisions. If the department acquires the reputation, like a good umpire, of 'calling them as he sees them' at the right time and under the right circumstances, no untoward political repercussions should be apprehended. If we ever make the mistake, either individually or collectively, of making or withholding rate changes on a political basis, we will forfeit our right to carry on this function in the public interest."

Mr. Martineau's paper for the most part was a treatise on the actual experiences of New York state in recent fire insurance rate revision.

He emphasized the importance of the state authorities having a detailed knowledge of the rating statute because the review of rates by a commissioner is a quasi-judicial function, subject in practically every case to review in the appellate courts.

He said that rate regulation consists of more than simply reviewing new filings; it contemplates the periodic review of the rates in existing filings to see to it that the rates are in tune with the times.

Mr. Martineau said the New York department has been using for fire rate regulatory purposes, a permissible loss ratio which he defined as that percentage of the premium dollar remaining after deduction of allowances for all expenses, for a reasonable profit and for conflagration hazards. He said the reviewer should consider the reasonableness of the various expense items. The New York department does not believe that because an expenditure has been made, it was necessarily a reasonable one.

The New York department uses a 47½% permissible loss ratio which is arrived at by allowing 49% for expenses, including 2½% for claim expense; 1% for conflagration hazard and 2½% for underwriting profit.

Keep Losses Separate

The department is strongly opposed to including claim expense with losses because it believes this is conducive to mischief. In the past the department found cases where production costs were added to claim expense costs, which in turn were added to loss costs, and this produced distorted loss figures.

In its negotiations on rate revisions, the New York department insists on having a clear understanding as to the extent of the authority of any individual, or committee representing the companies.

The department also believes in the legal maxim that "justice delayed is

justice denied." Rate revision should be made on time and disposed of expeditiously.

The department insists that each class stand on its own feet. In the past, so long as an overall profit was earned, many insurers were willing to tolerate a situation whereunder some classes were extremely profitable, others would provide a smaller margin of profit, or none at all, and some would be written at a loss. This was, to some extent, an outgrowth of competition. The insurers were willing to reduce profits or even lose money on some classes in order to keep the business, to secure other lines and to satisfy their producers if the reduced profits or losses could be offset by gains in other classes where competition was not as keen.

Tenacity Is Required

The New York law provides that rates shall be reasonable and adequate for the class of risks to which they would apply. The department found that tenacity is required at the conference table to adhere to the first fundamental of sound rating practice that every class should stand on its own feet.

As rate regulation experience has matured, there has been less emphasis on

bargaining and more on objective analysis of the experience.

The New York department does not make any revision if the effective loss ratio is within 2½ percentage points either way of the permissible.

To avoid extreme fluctuation, the department seldom provides increases or decreases of more than 25% in a single revision of a particular class. Where greater change is called for, the figures are examined at a later year.

Mr. Martineau expressed the opinion that the reviewer must resist efforts to limit the usefulness of the classified statistics because if he abandoned them, he will have nothing upon which to support his determination except judgment "and we have found from experience that poor judgment in the fire insurance business, unrelated to any statistics, is a most elusive subject."

Adequate Credibility

Mr. Martineau emphasized the importance of adequate credibility in determining what rates shall be. Sometimes resort is made to 10, and even 15 year figures and to out-of-state figures, and even occasionally, classes are combined to get a broader statistical base.

Incongruities among sub-classes must be avoided. For example, the frame rate

should not fall below the brick rate, the protected should not fall below the unprotected rate, nor the contents rate fall below the building rate.

The department and the industry should work closely together in arranging for the effective dates of rate changes. If advance information leaks out that rates are to be increased, there may be a flood of cancellations, rewrites or binders at the existing rate, thereby frustrating to some extent the purpose for which increases are given.

V. V. Sweeney Heads Fla. University Insurance Unit

Victor V. Sweeney has resigned as assistant manager of Travelers at Philadelphia, to become head of the insurance department, college of business administration, University of Florida, Gainesville. His title will be that of assistant professor.

A fire prevention demonstration will be given by William B. Larkin, of Missouri Inspection Bureau, Sept. 23 at the luncheon meeting of St. Louis insured members conference of Associated Industries of Missouri. He will be assisted by Capt. Walter Bergman of the St. Louis fire department.



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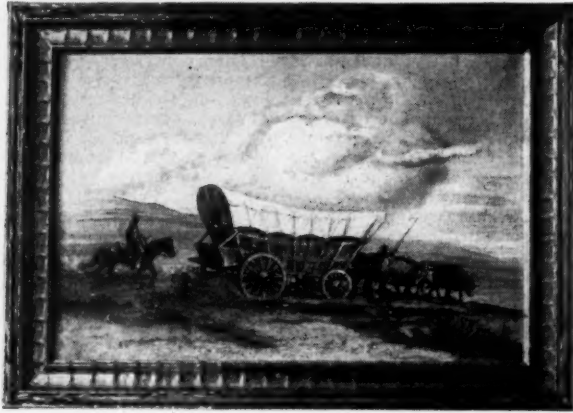
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THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA • QUEEN INSURANCE COMPANY OF AMERICA • STAR INSURANCE CO. OF AMERICA • ROYAL INSURANCE COMPANY, LTD. • THE NEWARK FIRE INSURANCE CO. • AMERICAN & FOREIGN INSURANCE CO. FEDERAL UNION INSURANCE COMPANY • THE SEABOARD INSURANCE COMPANY EAGLE INDEMNITY COMPANY • GLOBE INDEMNITY COMPANY • ROYAL INDEMNITY COMPANY



To be Given Away

THIS beautiful, hand-painted copy of the Springfield's Trade-mark Picture, "The Covered Wagon," handsomely framed, will be hanging in the Springfield Group Headquarters at Haddon Hall, Atlantic City, New Jersey, during the annual convention of the National Association of Insurance Agents.

If you attend the convention be sure to visit the Springfield Group, sign the visitors' register, and get your chance on this valuable painting which, on Wednesday, October 15, will be given away absolutely free.

THE SPRINGFIELD GROUP OF INSURANCE COMPANIES
Springfield, Massachusetts

The Gulf Agent Says:



"MY
CUSTOMERS
ARE SOLD
ON GULF"

GULF INSURANCE CO.
FIRE • AUTOMOBILE • INLAND MARINE
22 Years of Friendly Agency Relations

Kavanaugh Rips Auto Rate Raises

**L. Allen Beck Elected
President by Colorado
Agents**

At the annual meeting of the Colorado Assn. of Insurance Agents at Troutdale - in the Pines, L. Allen Beck, Denver, was elected president; Roy Waters, Colorado Springs, vice-president; James M. Kellett, Denver, secretary; Fred Noe, Greeley, treasurer, and Ralph E. Austin, La Junta, state national director.

Commissioner Luke J. Kavanaugh in his talk bluntly accused the companies of "deceiving the public" in seeking to justify increased automobile rates. "Sure," says the agent, "auto insurance costs are double these days. There are a lot of old cars on the road which people haven't been able to replace—they increase the hazards; and then, when we have an accident it costs more for repairs. Labor and parts are running way higher than before the war. We'd go broke if we didn't charge more." So the motorist, grumbling about inflation, reaches for his checkbook and pays the year's premium—more than twice as much as before the war, he recalls.

Mr. Kavanaugh cited the sworn annual statements of the companies to support this point. "In 1946," he said, "stock and mutual casualty companies received in automobile insurance premiums in Colorado \$6,597,714 and paid losses of \$2,583,346. 'The percentage of losses to premiums received was 38. This left 62% for reserves and operating costs. What became of this huge sum? It amounted to more than \$4 million for expenses and profits after all claims were paid. If anyone is losing money, it seems to me it is the policyholder.'"

It has been intimated that the commissioner's castigation of the insurers is a forerunner of official action to bring premiums in line. Colorado's new financial responsibility law becomes effective October 1st and at the same time the insurance department will be empowered to regulate insurance rates. Commissioner Kavanaugh has stated that he will make full use of this new power.

Cincinnati Athletes Triumph on the Diamond

CINCINNATI — Cincinnati won the ball game at the annual fall outing of the Ohio Blue Goose 7-3, one of the closest scores recorded in this hotly contested game. Captains were J. C. Rielage, Frederick Rauh & Co., Cincinnati, and E. O. Johnson, National Fire, Columbus.

Richard Zimmerman, Northern, N. Y., Columbus, won the trophy presented annually by Cincinnati Fire Underwriters Assn. for the lowest field man's score with 70. Richard Shell had low agents' score. The blind bogey winners were C. H. Garbutt, America Fore, Cincinnati, and G. B. Wilson, Leiding agency, Cincinnati. Gayle Owens, National Board, had high score and Superintendent Shield received the prize for wildest shot.

J. D. Lecky, Jr., vice-president Ohio Ins. Co. and most loyal gander, presided at the Blue Goose session. G. B. Maggini, Perkins & Geoghegan, president Cincinnati Fire Underwriters Assn., awarded its trophy. T. W. Earls award-

Describes Auto Rate-Making

W. D. Hall, actuary of National Automobile Underwriters Assn., gave a detailed step-by-step account of how his organization operates as a rate making organization, in addressing the conference on rate-making at Richmond. He told how the loss experience is compiled, but concluded that the figures should not be slavishly followed to the exclusion of all other factors in the determination of rates. This does not mean that guesswork is used in rate determination, but it does mean that judgment must enter into the picture.

Properly and completely compiled experience should reduce the area in which judgment plays a part, and the degree of differences of opinion as to the proper rate. He expressed the belief that past experience should be followed unless there are other factors or influences which are generally conceded to be of sufficient importance to change the decision indicated by the experience itself. Too violent changes should be avoided if at all possible. This principle is followed by the association in its provision that no fire and theft fleet rate shall be increased or decreased more than 25%.

The automobile statistical plan under which the association is now operating, he said, went into effect July 1, 1946 and has produced many difficulties. The statistical department is now handling more than 1½ million cards per month which are being submitted by 195 member companies and 141 subscriber companies. The present indications are that the annual net premium volume will reach or exceed \$400 million.

ed the other golf prizes. E. L. Penney, Western Adjustment, general chairman, awarded the door prizes.

Six goslings were initiated, they being L. M. Hopkins, Cincinnati Equitable; Wainright Davis, National Inspection Co., Newtown; S. C. Harboe, Commercial Union, Columbus; F. D. Evans, Ohio Farmers, Dayton; G. A. Snider, St. Paul F. & M., Cincinnati, and G. K. Simpson, Aetna Fire, Cincinnati.

Paul Bowers, Western Adjustment, Joliet, Ill., gave the admonition and R. W. Hukill, Great American, Norwood, O., past most loyal gander, gave the charge.

The next meeting will be held in March at Cleveland.

At the Ohio Fire Underwriters Assn. meeting following the recommendation of the executive committee, it was voted, provided Western Underwriters Assn. approval is obtained, to bulletin agents on the importance of giving their companies immediate notice of losses.

While the balance situation has not become serious, an increasingly large number of agencies has become delinquent in the past three months, H. R. Underwood, Providence Washington, secretary, stated.

H. P. Winter, formerly state agent for southern Ohio for Continental, who resigned to accept an executive position with his company's western department at Chicago, was elected an honorary member.

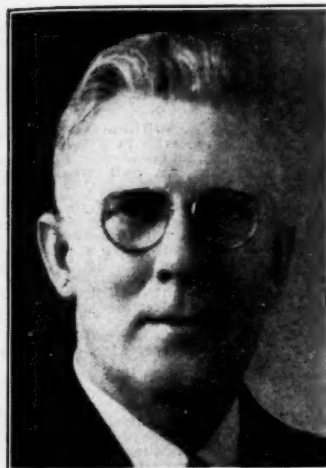
New members are M. B. Barker, North British, Cleveland; C. L. Hurlbut, Aetna Fire, Cleveland; S. C. Harboe, Commercial Union, Columbus, and J. F. McLaughlin, New York Underwriters, Cleveland.

C. W. Rockefeller, Loyalty group, was appointed representative of Ohio Assn. of Fire Underwriters on the field clubs' public relations committee at a meeting of that association. New members are C. F. Eabbelt and George Garwood, Loyalty group, and I. H. Abramson, Millers National.

The outing at Summit Hills Country Club followed the field club meetings. Luncheon, golf, baseball, and dinner were on the program. E. L. Penney, Western Adjustment, Cincinnati, was in charge of outing arrangements.

Stanley Taylor Heads Canadian Superintendents

Stanley W. Taylor of British Columbia, was elected president of Superintendents of Insurance of the Provinces of Canada at the annual meeting at Jasper Park Lodge. Vice-president is Ralph R. Moore, Alberta, and secretary,



HERBERT HUNTER

Roy B. Whitehead, Ontario. Assistant secretary is John Edwards, Toronto.

In an address at that convention Premier Manning of Alberta said peaceful survival of civilization is dependent on the development of honest, amicable relationships between men and nations. He said human relationships must be bettered immediately by the acquisition by the individual of a sense of personal responsibility, by a searching for the

true facts before forming opinions hastily on widespread propaganda and inaccurate data, and by a return to the principles of the old-fashioned and simple gospel of Christianity.

Nearly 250 were in attendance. The meeting was opened by the president, Hunter of Manitoba, who called on the provincial secretary for Alberta, Mr. Hooker.

Mr. Hunter in his address pointed out the upward trend in operating costs. He pointed out the need for better informing a sympathetic public on current problems while suggesting that the public interest and the interests of insurers is very close.

Most of Monday's and Tuesday's sessions were devoted to discussions of life insurance matters including reports by Superintendent Lafrance of Quebec on security valuations and annual statements and the report of MacLachy of New Brunswick covering proposed group insurance legislation and miscellaneous amendments to the uniform life insurance act.

Licensing and regulation of agents was dismissed by Mr. Lafrance on Tuesday while Wednesday's sessions were devoted to a consideration of fire and casualty matters.

On the question of licensing of agents the question was raised of whether there should be some requirement as to minimum volume of premiums written. Leslie Ham, manager of Canadian Underwriters Assn., voiced the belief that a financial test of an agent's efficiency is fallacious and said he would prefer some minimum number of insured persons to be written. This should be on a basis of number of persons for whom insurance is handled rather than number of risks, he declared, because a man might write a number of policies for some relation.

Mr. Hunter in his address took up the matter of hospitalization insurance. He said that hospital accommodations are now considerably short of the demand and many insured persons can't get in

the institutions. He suggested that the policies provide an alternative of cash indemnity where accommodation in a hospital is not available.

Rumors Persist of Auto Commission Agitation

Rumors persist that National Automobile Underwriters Assn. is exploring the possibility of reducing commissions from 25 to 20% for local agents and brokers. Two things make it probable that the companies will consider a commission adjustment in the automobile field, the undesirability of the line, and the fact that most New York companies will begin to write automobile business in one policy on Jan. 1 and that companies in many other states can do so. The single policy may provide the framework on which to hang such a change.

There is pressure to make automobile commissions 20% across the board. Automobile fire, theft and collision is generally 25% for the agent and broker. In excepted cities, commissions above 25% are being reduced in some cases now.

Auto casualty commissions are: general agent, 25%; regional agent, 20%; local agent and broker, 20% on property and 17½% on bodily injury.

Twenty percent across the board would mean 2½ points increase on bodily injury and a five point decrease on the fire, theft and collision. This kind of arrangement has been discussed. The general agent might get 25%, with profit sharing arrangements taking care of additional commissions, if any, that a company might desire to pay.

One argument of agents has been that the fire and theft premium is so small it costs money to handle it. This would not hold true if collision were included, but many insured don't buy it. Thus, agents argue, they need a larger percentage on fire and theft than they do on the casualty in order to give them an adequate dollar return.

August Losses Up 28.3%

NEW YORK—Fire losses for August jumped to \$51,359,000 according to National Board estimates. That total is 28.3% higher than the losses for August, 1946, and is 4.1% over July of this year.

Losses for the first eight months total \$469,992,000 as compared to a first eight month loss of \$378,323,000 in 1946, an increase of \$91,669,000.

Losses by months for 1947 and the two preceding years are listed below:

	1947	1946	1945
Jan. ...	57,180,000	49,808,000	44,865,000
Feb. ...	64,247,000	51,759,000	41,457,000
Mar. ...	72,435,000	53,252,000	40,876,000
Apr. ...	68,029,000	52,153,000	37,950,000
May ...	56,545,000	46,094,000	34,153,000
June ...	50,840,000	44,240,000	34,090,000
July ...	49,357,000	40,998,000	34,054,000
Aug. ...	51,359,000	40,019,000	34,096,000
Tot. ...	469,992,000	378,323,000	301,541,000

Bill Clement at St. Louis

W. W. Clement, executive vice-president of National Assn. of Insurance Brokers, is addressing a meeting Thursday, sponsored by Insurance Brokers Assn. of St. Louis in cooperation with Insurance Board of St. Louis, Casualty & Surety Agents, insured members conference of Associated Industries of Missouri, Missouri Insurance Agents Assn., and Associated Fire Insurance Agents & Brokers Assn.

Mr. Clement will discuss the role of insurance producers as protectors of the public interest.

In recognition of 50 years as agent for Hartford Fire Thomas Pierce of Enderlin, N. D., was presented with a wrist watch by R. F. Thompson, special agent for Hartford.



AN agent displaying General's now famous seal, is most often known as the leading insurance agent in his area. "Preferred Risk" fire insurance coverage—exclusive General of America feature—is very salable "merchandise." And our agents are backed to the limit by special services and forms.

Look to GENERAL, the leader—one of the nation's strongest capital stock insurance companies—for new and better features in virtually all forms of commercial insurance.



GENERAL INSURANCE COMPANY OF AMERICA
GENERAL CASUALTY COMPANY OF AMERICA
FIRST NATIONAL INSURANCE CO. OF AMERICA

H. K. DENT, President ... Home Office: SEATTLE

"The CAPITAL STOCK Companies of PREFERRED RISKS"

BRANCH AND SERVICE OFFICES IN PRINCIPAL CITIES THROUGHOUT THE UNITED STATES • CANADIAN DEPARTMENT, VANCOUVER, B. C.

ALERT

To the alert insurance agent wishing to utilize every means of promoting the success of his business, the advantages of a connection with a sound, progressive insurance institution should prove worthy of consideration. For more than 82 years, **RELIABLE** has increased its knowledge of how to handle Fire and Inland Marine Insurance.



RELIABLE
FIRE INSURANCE CO.
Dayton, Ohio

An Independent Ohio Company

Contingent U. & O. Forms Now Published in West

In addition to introducing the new business interruption premium adjustment endorsement, the rule book changes Monday of Illinois Inspection Bureau contained a number of other developments. The premium adjustment endorsement which has already produced the new insurance initials of "P.A.", is well analyzed in other columns in reporting the address on the subject that was made by George Whitford of Fire Association at the annual meeting of Illinois Assn. of Insurance Agents at Springfield, and in the review of a memorandum prepared by Will S. Ellis, assistant Chicago manager of Royal-Liverpool. Also in this issue the endorsement is reproduced in its entirety together with the premium adjustment computation sheet.

Another change is the elimination of the weekly business interruption forms. Such contracts have been knocked out in New England and the tendency is to do away with this plan entirely throughout the country.

Publish Contingent Forms

For the first time in the west there is published contingent business interruption insurance forms, there being two, one a single item gross earnings form and the other a two item contribution form. This is said to be the first time that there has been published anywhere a single item gross earnings form.

Publication of such forms is expected to simplify the work of agents and underwriters. Today there are perhaps a thousand forms in use. Those who have had a hand in drafting these forms say that they are the broadest and clearest that are to be found anywhere.

For one thing, the assured may recover for a period equivalent to the entire period of the suspension of the contingent plant. This has not been true with many of the individualistic forms. They have provided that the liability ceases as soon as the contingent plant is back in operation. Sometimes the assured may have enough material on hand from the contingent plant to continue operating say for a month after the contingent plant is closed. Then if the contingent plant should be able to resume operations in three months under that type of form, the assured could collect for only two months, but under these new forms he can collect for the full three months, as the insurance covers from the date of suspension of the assured's location for such period of time as it is required to make repairs at the contingent location.

New Contingent Plan

Another change permits the writing of contracts to cover business interruption loss sustained by canners or packers as a result of interruption preventing fulfillment of contracts with growers or suppliers of perishable fruits or vegetables. Heretofore, the writing of such insurance was not permitted. It is stipulated that separate policies shall be written covering such liability and that the protection shall not be granted under an extension of regular business interruption insurance.

The rule governing contingent liability from operation of building laws has been revised to provide for extending policies covering business interruption, rent or rental value or extra expense to include this coverage. Recommended clauses for attachment to these policies have been included.

The minimum premium on all types of policies has been increased from \$3 to \$5.

The rules outlining classes eligible for coverage under single state form No. 1 and single state form A have been broadened so that in this proposal furniture and fixtures also may be covered, not only in mercantile risks, but in manufacturing risks as well. Heretofore, furniture and fixtures could not be covered under the form in the assured's own plant. The word "materials" has also been added as a further listing to provide a more liberal interpretation of the scope of the insurance under this form. Machinery is also specifically listed as eligible for this coverage, except when on the premises of the insured's own manufacturing plant.

The revised market value clause for distilled spirits, adopted about a year ago, has been substituted for the previous clause.

A new item 4 has been added under section (L) to provide for the use of the new extended coverage endorsement, uniform form No. 61-F, in connection with public utility gas properties.

CHICAGO

SUBROGATION AND SALVAGE

Assn. of Fire Insurance Examiners of Chicago at its dinner meeting Sept. 18 will hear an address by L. W. Hopper, superintendent of the salvage and subrogation department of Western Adjustment, on "Subrogation and Salvage."

MISS MANSON IS HOSTESS

Members of the Insurance Distaff Executives Assn. of Chicago will be entertained at a reception and tea the afternoon of Sept. 27 at the home of the president, Miss Florence Manson of Youngberg, Carlson & Co., at 6241 North Claremont avenue.

CHICAGO BOARD COURSES

The Chicago Board study course that proved so popular in its initial running last year, gets under way Oct. 7. The classes are held once a week from 11 a. m. to 12 and are open to agents, agency employees and company employees without charge. The fire insurance study course commences Oct. 7 and is held weekly thereafter on Tuesdays through May 4.

The inland marine course gets under way Oct. 8 and is held Wednesdays thereafter until April 28 and the casualty course starts Oct. 9 and is held weekly thereafter on Thursdays until May 6.

For each one of the courses a strong panel of lecturers has been arranged and the field is to be very thoroughly covered.

Hohaus Slated to Head U. S. Chamber Insurance Group

WASHINGTON — Announcement of the makeup of the U. S. Chamber of Commerce insurance committee awaited consultation with Carl N. Jacobs, due to attend the chamber's board of directors' meeting late this week. R. A. Hohaus, actuary of Metropolitan Life, is slated to head the committee.

Corroon & Reynolds Changes

Corroon & Reynolds has announced four field changes. Richard J. Smith, state agent in Ohio for several years, is transferring to Florida. Carl H. Bundow, executive special agent in Ohio, has been promoted to take over the position vacated by Mr. Smith. John E. Wrigley, who has been at Ashley, Pa., is returning to Ohio and, with L. I. Addison, who has been made a special agent, will assist Mr. Bundow, whose headquarters is in Columbus.

Erie, Pa., Agents Elect

Paul T. Allen was elected president of the Erie (Pa.) Assn. of Insurance Agents at the annual meeting. George O. Loesel is vice-president; M. A. Matlis, secretary-treasurer.

MANCHESTER NOTES

Uniform Printing & Supply Division was host Tuesday evening to its usual cocktail reception prior to dinner at the W.U.A. meeting.

Representatives of Uniform Printing & Supply Division in attendance were: W. B. Reilly, vice-president and general manager; J. F. Reilly and P. W. Reilly, vice-presidents, all of Lowell, Mass.; N. H. Wightman, John Mitchell, vice-presidents, New York; John Hickey, manager of eastern plant, Brooklyn, and Donald Klein and F. C. Hoffman, vice-presidents, Chicago.

Manchester is in the northern mountain section of Vermont. It is directly north from Pittsfield, Mass. It is a village with about 300 permanent residents but its chief reputation is its large summer population. It is a beautiful spot with white houses and cottages. It is located in a maple sugar section. It is the former summer home of Robt. T. Lincoln.

President E. L. Williams of Insurance Executives Assn. was in attendance. All felt they were in the right place when they saw Mr. and Mrs. Chas. F. Thomas at hand.

Mrs. Ivan Escott, wife of the executive vice-president of Home, accompanied her husband. She is making a study of stories—both in prose and poetry—that will appeal especially to children between 4 and 6. She talks with children and finds what will interest them. She is doing considerable writing along this line herself.

Monday was a great golfing day for those at the meeting although a rainstorm forced them off the links in the afternoon. There were more company officials present at the meeting than ever before.

One or two Canadian officials were present to study the observations made on agents commissions in large cities. Canada is confronted with a situation that is even more acute than that seen in W. U. A. territory.

When W. U. A. met here in previous years the meeting was held in the city hall across the street from the hotel. Equinox House now has built an annex at the rear of which is a pavilion which is the auditorium.

Portland, Ore., Loss \$100,000

PORTLAND, ORE.—A fire of undetermined origin damaged Fishel's Awning & Venetian Blind Co., in downtown Portland more than \$100,000. The blaze originated in a 2-story building adjacent to the main 4-story building of the firm. The company used the small building as shipping and receiving quarters, and had materials valued at \$75,000 in the \$85,000 structure. Loss to the building may not exceed 50% of value.

W. C. Paine & Co., R. E. Johnson & Co. and Clarence H. Paulin, Los Angeles local agencies, have merged as Paine-Paulin Co.

CHARTERED 1720 • ENTERED U. S. 1872



The
LONDON ASSURANCE
99 JOHN STREET, NEW YORK 7, N. Y.



Smitheman New Head of "Ad" Conference

(CONTINUED FROM PAGE 1)

dent; W. Leslie Lewis, Agricultural, vice-president, and Charles E. Freeman, Springfield, secretary.

In the role of advocates for specific projects were: F. Sidney Holt, Aetna Fire, national magazines; Frank A. Whipple of Charles W. Hoyt & Co., advertising agency, Hartford, media selection; Ralph Blatchford, Employers Group, radio-television; Newton C. Hawley, National Fire, trade press; John N. Cosgrove, American, house organs; James F. White, Maryland Casualty, direct mail and botters; Robert E. Brown, Jr., Aetna Life, window displays, and Harry G. Helm, Glens Falls, movies.

Each of the speakers brought out some good points in favor of his particular project.

Much emphasis was placed on the necessity for good public relations.

Conservation of Life

Mr. Holt believes the companies in their advertising should talk about the conservation of life as well as property.

Mr. Whipple said in selecting media a company should decide what it wants to say and to whom. He stated that continuity is important and to create a real impression on readers, large space should be used.

Mr. Blatchford said he believes the companies at present do not have the kind of money it would take to do an effective job on the radio.

Mr. Brown feels that the companies should help those agents who have ground floor offices by arranging for window displays.

Mr. Helm recommended a movie program, not just one movie. He believes this to be a most effective way of reaching the public and telling them a real story.

Mr. Cosgrove feels a house organ is valuable in educating company employees. He believes the average employee should have full information and knowledge of his company and its activities.

Bread and Butter Advertising

Mr. White referred to the use of direct mail and blotters as bread and butter advertising and pointed out that practically all companies are in favor of this form of advertising.

Mr. Helm said companies should maintain advertising for agents and that there should be a diversion between advertising that goes to agents and that used for public relations.

Mr. Hawley said he firmly believes that companies should use the trade press heavily. Mr. Hawley stated that the field men and the trade journals will sell the agent on the companies. He pointed out that for the price of one page a month for a year in say Time magazine a company could buy and use over 600 pages of trade journals. Using all issue of 25 journals a company would be appearing continuously and prominently before the agents and they are the ones who really determine whether the company gets the business they sell.

Reaching All Producers

Mr. Hawley said a heavy trade journal schedule will cover all agents and brokers in the country all the time. In the opinion of Mr. Hawley a company should have a selfish interest in using media which are experienced and competent in telling the story of property and casualty insurance. The trade press, he said, can prove increasingly valuable in presenting the correct and complete story of the business for reference by outside interests whose misunderstanding and alarm at financial abuses are constant sources of trouble. The agent alone cannot support them.

He said a good trade journal campaign will circulate name and messages at a very low cost, about one half as much as it would cost to send a letter.

Mr. Hawley said a company must talk

to all agents, not only its own, and here is the opportunity to do it in print.

He stated with hundreds of pages of trade journals continuously circulating among agents the companies can tie in and plug other advertising material with the result that the entire advertising effort is more effective and the company widely known as one eager and able to help the agents.

"Let our trade journal advertising sell our companies and field service to the agents and leaflets and other sales promotional material help our agents sell insurance to the public," he declared.

Session on Movies

The meeting got under way Sunday evening with a talk on using movies by H. Paul Abbott, educational director of North America.

A movie preview "Your Tomorrow" produced by Louis De Rochemont for North America was shown.

Robert E. Brown of Aetna Life spoke on using movies as a public relation and a movie preview "Live and Let Live" produced by Aetna Life was shown and also a movie, "Crimes and Carelessness" produced by the National Board.

At the luncheon Monday C. D. McVay, president of Ohio Farmers, was the speaker, his subject being "What's Ahead for America."

E. C. Stone, chairman of Employers Group, was on hand.

Theodore W. Budlong, National Board, president of I.A.C., extended a word of welcome at the opening sessions. There was a short business meeting Monday morning.

Fred Bremier Speaks

Fire and casualty companies are failing to educate the public adequately on the merits of their product, Fred Bremier, member of the research staff of the Curtis Publishing Co., declared in his talk. He urged insurers to launch an educational advertising program to develop understanding and friendship, to retain and further good will or human relations, to maintain and improve identification of company and product, and to combat rumors.

The need for a program is exemplified, Bremier told his listeners, by a recent survey in which half of those polled indicated a desire for government regulation of the insurance industry.

Indicate Ignorance

"Such opinions clearly indicate ignorance of insurance company operations," he said, adding, "There is urgent need that the entire voting public be adequately educated so it will understand and favor the advantages of private underwriting of insurance rather than government control or operation."

Calling attention to the fact that the fire and casualty companies have enjoyed an unprecedented volume of business since the end of the war, the market analyst told his listeners that their market was still inadequately covered. By his count there is proportionately less coverage of fire and extended coverage on the contents of the home; automobiles are inadequately insured; the public is not adequately protected with accident and health insurance; and only a few people have personal or family liability insurance.

Despite these facts only a few of the fire and casualty companies that sell nationally are national advertisers, declared Bremier. "Those that do national advertising are the leaders in the insurance industry," he added.

In last year's list of leading magazine advertisers alcoholic beverage concerns were first with \$27 million expenditure while the life insurance companies were 47th with \$3,414,000. The fire and casualty firms were 57th with \$2,429,000.

"I have been informed," Bremier added, "that the total investment by

fire and casualty companies in all forms of advertising including in some instances salaries of advertisement personnel in 1946, was .35% of premiums earned. This is just about the lowest on record. In magazine advertising the fire and casualty industry in 1946 invested .05% of net premiums."

Fire and casualty insurance expenditures for magazine advertising did not exceed \$1 million until 1942, but have shown a gradual and steady increase each year since.

"Advertising is actually business insurance in that it protects business against unexpected catastrophe and losses," he said.

While most industries, through their advertising, have educated the public to want their products, the insurance companies have failed to do an adequate job in this regard, according to the speaker.

Bremier said that in a recent survey, life insurance agents were asked how

their companies could best help them sell more insurance. In reply 51.9% of them said, "Advertise."

Educational motion pictures on loss prevention subjects offer agents splendid

opportunities for performing valuable service to their communities and improving their own public relations. S. F. Withe, manager of the public education department of Aetna Life group, declared.

"Motion picture films on highway safety, fire prevention and other conservation subjects, of which there are many now available, afford insurance agents opportunity to

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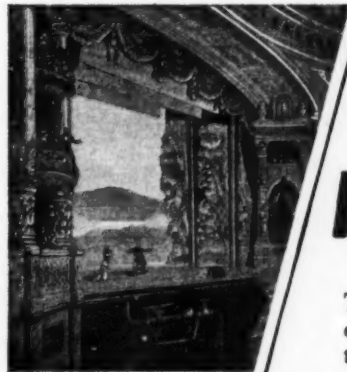


S. F. Withe

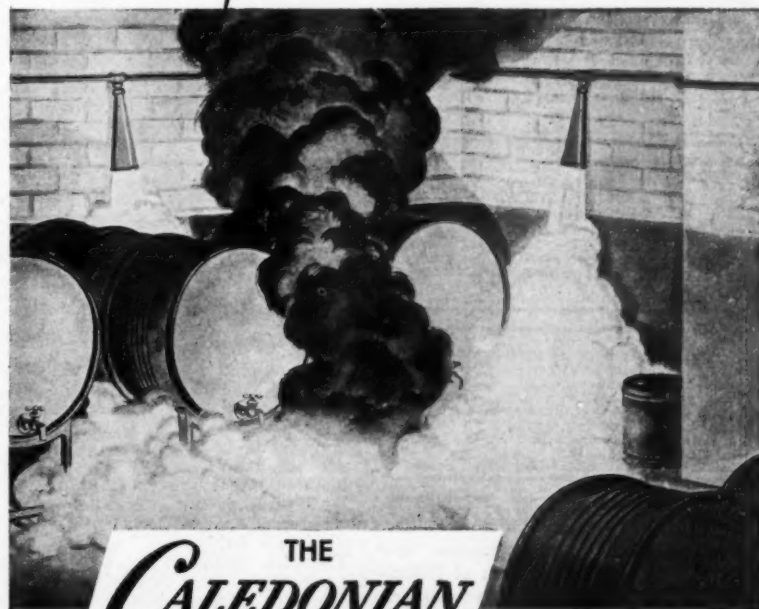
EFFECTIVE PROTECTION

The amazing development in automatic equipment has been a great contribution to present day fire control.

Our policies have also played their part in giving more and more protection to homes and industry. Before railroads and steamships the Caledonian was satisfying policy holders—dependable for more than a century.



One of the first automatic fire extinguishers. This sprinkler depended on heat to burn through the cords which released the water jets.



THE
CALEDONIAN
INSURANCE COMPANY

Founded 1805

Executive Offices
Hartford, Connecticut

COMMISSIONS BIG W. U. A. TOPIC

(CONTINUED FROM PAGE 1)

tain first hand knowledge of the operation.

General Manager C. N. Comegys gave a report reviewing the results of 30 years since the association started. He stated that the great improvement had come from the work of the oil engineers that the association has developed. Now careful reports are made on oil operations. Most properties have complied with the recommendations.

One chief benefit has come from the abolishment of wooden roofs, the engineers study every new feature introduced.

In spite of the Texas City loss the operations of the pool show a profit over its entire existence.

The Texas City loss was not an oil loss in the sense that oil caused the loss.

A new constitution was adopted by the association in order to bring it in tune with modern demands.

PUBLIC RELATIONS

An impressive report of accomplishments and announcement of future activities were contained in the report of the public relations committee of which J. C. Harding, Springfield F. & M., is

Home Conducts Review

The Home fleet review forum for agents and brokers was attended by about 125 persons. Most of the participants took the review to prepare for the state examination. Bernard G. Werbel, New York insurance professor, was moderator.

WANT ADS

OFFICES FOR RENT

166 W. Jackson Blvd. Building
IMMEDIATE OCCUPANCY
Three Desirable Suites 700 to 2600 Feet
At Very Reasonable Rentals; Long Leases
RALPH W. APPELGATE & CO., Agents
206 So. La Salle Street STATE 9200

CASUALTY CLAIMS ADJUSTER WANTED

Competent young man to operate independent adjuster's office in Northwest Florida. Write complete details giving qualifications and salary expected. Address N-15, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED SPECIAL AGENT

To travel in Ohio for stock fire insurance company. Position offers real opportunity for ambitious young man. Age 25 to 35. Replies strictly confidential. Address N-23, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Home Office Accountant now in charge of accounting of medium sized company writing fire and allied lines desires change. Would prefer company writing a similar class of business but would consider second accountant's position in a good casualty company. Address N-27, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Adjuster—Insurance (experienced fire, casualty, compensation). Excellent opportunity middle western town of 10,000. Address N-28, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

ADJUSTER WANTED

General insurance—Minnesota. Experienced man or ambitious beginner with insurance background. Salary open. Established firm. Address N-29, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

chairman. The committee stated that public relations activities of stock fire companies and local agents has attained a new high plane. The National Board program is the most comprehensive in the history of the business and is to be extended in the coming months.

W.U.A. and Western Insurance Bureau and similar organizations elsewhere have provided regional and local application of the program through field men and local agents. The N.A.I.A. activities have attained new proportions, and are being coordinated with the company work.

In the west the integrated program of education and public relations that was released to field clubs last December has now been effected in each state. Also the cooperation of state and local agents associations has been obtained. Field clubs have accomplished all that could be expected and results have been outstanding.

Opinion Leaders

The names of more than 57,000 opinion leaders have been submitted by agents and field men to receive the National Board publication "Fire Insurance Facts & Trends."

At the invitation of University of Oklahoma, field men and agents conducted a series of 17 weekly broadcasts over Station WNAD. Adaptations of this program have been recommended to other states.

An insurance institute of three days will be conducted at Omaha in October under the auspices of University of Omaha, Nebraska Assn. of Insurance Agents and Nebraska Fire Underwriters Assn.

Work in Indiana has been especially effective and the names of more than 10,000 opinion leaders have been submitted since June.

Tie-in Advertising Used

Tie-in advertising by local agents and local boards has been encouraged, instructors in educational classes have been provided and a number of talks made to non-insurance groups.

In the fall campaign the committee will give full force and effect to the National Board program and will work closely with the fire prevention department of Western Actuarial Bureau. The current National Board campaign is an all-out implementation of the President's fire prevention conference.

Complete data concerning the Oklahoma broadcasts, including copies of the manuscripts used, will be furnished all field clubs. They will be encouraged to engage in similar work.

Then there will be released to the field clubs a study of university insurance conferences. In such an atmosphere insurance education is dignified and made more effective. An opportunity is afforded to get acquainted with educational leaders and legitimate and constructive publicity usually results.

Need to Develop Speakers

Attention will be given to ways and means of developing more good speakers who can appear before non-insurance audiences. Consideration is being given to developing talking pictures. A systematic cultivation of trade associations is in the offing.

Wallace Rodgers, special public relations representative, will continue to work in the field.

The task of promoting a better understanding of the insurance business on the part of the public might well be regarded as the most important task the industry faces, the committee stated.

The committee urged all member companies to get behind the program enthusiastically and to imbue their field representatives with such enthusiasm.

The W.U.A. governing committee, in its report, told about the response to the letter that was sent this spring to local boards in the territory inquiring about the constitution and by-laws of

such organizations, making clear that the companies could not consider themselves as being bound by any restrictive local board rules such as in-or-out regulations and non-intercourse provisions. Two hundred and thirty-nine member companies elected to appoint the W.U.A. secretary to act as their agent in addressing the local boards. A letter was sent to 291 local boards on June 16.

With a single exception, the committee stated the response to the letter manifested a fine spirit of cooperation on the part of the organized local agents "in our endeavors not only to conform to law, but to attain in the operations of the business . . . adherence to policies and practices which are believed tend toward enhancement of the service to the public and the best interests of all in the business."

One local board replied that it has an all-out rule as far as mixed agencies are concerned, and asked whether they could expect the same cooperation from companies regarding this rule as they had received in the past, and if not, whether all of the W.U.A. companies intended to go into mixed agencies.

Reply Is Given

This local board was told that W.U.A. and its members so far as they can do so consistently in accordance with law, intend to cooperate with local agents associations for the mutual good of the local board, of W.U.A. and its members, of the industry as a whole, and of the public.

The local board was told that the fire companies and their organizations have reached the definite conclusion that in-or-out rules and non-intercourse rules are inadvisable and might give rise to the charge that companies are engaged in, or enforcing practices which are either illegal or of doubtful validity. Accordingly, W.U.A. has no such rules and will do nothing toward effectuating such rules if contained in the fundamental papers of local boards.

As to whether W.U.A. companies intend to go into mixed agencies, the secretary replied that this is a decision that must be made by each company and W.U.A. will neither prohibit nor encourage such action. If a company feels that its own best interests will be served thereby, it may adopt a policy of entering or staying in only those agencies where the companies presently in the agency have business management policies similar to their own, including declining to be in an agency with other companies whose methods or management are not acceptable. On the other hand, a company may, in carrying out its own policies of business, enter or stay in an agency regardless of what other companies may be represented therein.

W.U.A. Takes Hands Off

So far as W.U.A. is concerned, the companies are entirely free to pursue either course according to their own best judgment.

The governing committee also expressed the belief that general agents and field men should not be members of local agent organizations. Counsel take the position that an insurance trade organization ought not logically to include such diverse elements as companies or company managers and local agents. Field men being direct salaried employees should not be members of a local agents organization. While general agents are to a certain extent independent contractors, nevertheless, in their managerial relationship to the companies, they might easily be considered as speaking for the companies to an extent which could involve the companies as participants in a combination originating in action by a local board if the general agents were members of such an association and participated in acts with which the insurance companies desired to have no connection.

The governing committee suggested closer attention to agency balances and urged companies to encourage and support the application of the delinquent agency balance rule by the various field clubs. The committee stated that po-

ple are becoming slower in paying their bills, repossession of automobiles and other articles purchased on time have been reported. Increases in cost of living may be a cause. Delinquencies have not yet attained serious proportions. Collections are still above pre-war levels but there is a warning to those who extend credit.

Presidential Address

C. W. Ohlsen, western manager of Sun, in his presidential address, made the suggestion that other company organizations functioning in the middle-western field, hold their meetings at the same time and place as the conventions of W.U.A. An extra day might be scheduled at that time for such gatherings.

This would dispose of a great deal of organization business in short order and would be an important conservation measure, as company executives under the present procedure are called upon to devote a great deal of time during the year to the various company organization meetings. Also, there is an overlapping of interest and activity among many such organizations and by having common meeting places and times, there would be a high degree of liaison. Also better attendance would be assured. Mr. Ohlsen recommended that consideration be given to ways and means of bringing this subject to the attention of other organizations.

Mr. Ohlsen dwelt on the matter of loss adjustment practices, saying that disturbing reports continue to be received regarding unsatisfactory conditions in this field.

Decries Deterioration

"Considering the amount of time we devote to the acquisition of premiums and underwriting the business once received," he said, "it seems astonishing that we should allow that end of the business, where we pay out the funds in losses, to deteriorate so completely."

Much of the deterioration, he opined, is due to the taxing of man power by increased loss frequency. The payment of losses is the perfect opportunity to create good public understanding of insurance and it is unfortunate to permit abuses to affect this relationship.

Mr. Ohlsen said that the "very excellent report" of the committee on loss adjustment practices made at the last meeting was widely distributed and many requests for copies were received. More than 2,500 copies were distributed to executives, field men and adjusters. He urged that close attention be given to the report of the committee on loss adjustments at the Manchester meeting.

Mr. Ohlsen said that the utmost attention is required to meet the issues of increased losses that numerically have exceeded anything heretofore contemplated and the catastrophes that have devastated certain sections.

In addition to the loss problem and other questions arriving out of the S.E.U.A. decision and public law 15, Mr. Ohlsen said, "we have been required to devise ways and means of adjusting our operations to accommodate doctrines foreign to some of the very principles

(CONTINUED ON PAGE 19D)

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Holding Loss Handling Reins Urged

(CONTINUED FROM PAGE 1)

problem and we are bringing some of these to you for your attention and consideration. The field men throughout the entire country are also aroused and are seeking the support of the companies for corrective measures. You will be interested in a letter which we received from an important figure in the insurance business in one of our states, which reads in part as follows:

"The real evil that has come into the business of our state within the past five years is permitting local agents to refer losses to adjusters of their choice and, in some rare cases, to allow agents to pay the loss by draft on the company or otherwise.

It is a rare thing for an independent adjuster to solicit loss adjustments from general, state and special agents, for these men, and most independent concerns, have built up a handsome patronage by going direct to the local agent. A great many agents in our state feel so well fortified in this practice that they openly threaten all field men in the agency with being kicked out of the agency if he does not permit the handling of loss adjustments in this manner.

Indication of Trend

We would like to quote from another letter which we received, which is a further indication of the trend of the times:

"It appears the agency addressed a communication to all of their companies and cited an unsatisfactory condition to them which was delaying payment of losses to their assured. This agency developed their own loss draft which would be issued as soon as proof was received and draft would be honored at the agent's own bank through a separate bank account maintained for that purpose, and the agency would then bill the company for the amount of the payment.

There was full cooperation in this instance as the companies refused to approve this program.

We would like to bring another situation to your attention, which has been brought before us. Not very long ago, we received a communication from an agent in which he advised that he had had a number of windstorm losses on property insured in his company. These were adjusted fairly and satisfactorily to all concerned by a company adjustment bureau. They had a lot of composition roofs on homes that were built 18 to 20 years previously and they had served their time. In other words, the life of the roof was practically terminated. These losses were adjusted with proper depreciation, but his competitor was allowed to adjust his own losses and he took off very little depreciation, which caused dissatisfaction of assureds of other agencies in town.

Bureau Service Essential

Ofttimes agents will assign a loss to some independent adjuster of their own selection, not realizing, first, that the support of the company adjustment bureau is vital to their stability. It is important in their operation to know that they have an office close-by that is well manned and able to handle their situation, no matter what catastrophe may occur.

Too often, when an independent adjuster starts business and calls to see an agent about loss adjustments, the agent takes the easy way out by letting the adjuster have some of his losses. The companies have not taken the time, either by direct contact, or through their fieldmen, to let the agent know the reasons that this is not a good plan, either from their standpoint or that of the company. We have failed to properly advise the agent about a phase of the business which is of as much concern to him as it is the company and the public at large.

Reports have come to us of practices by adjusters in sending a contractor to

repair partially damaged property and adjusting the loss on bills presented with proven cases where the adjuster has not visited the premises. On automobiles, the situation is a serious one, with information coming to us that automobile repair concerns, who are busy enough without work from insurance companies, have added greatly to the amount of actual work done when an insurance company is involved, because there is not proper review of the hours and materials used. Haste is often the reason for such a situation existing for an adjuster can only adjust so many losses a day and, through looseness in adjustment and eliminating the time that it takes to carefully review a loss, an independent operator can increase his income through the handling of more claims.

Even in view of the reports that have come to us about this matter, we were astounded to read from an article by an independent adjuster, released in a recent issue of a trade journal, the following excerpt:

"Work on small claims is instinctively limited because the adjusters know that bills are usually held to a 'percent of loss'. This does not breed good habits—especially it affects the younger man in training on small losses.

Adjusters Don't Know Billing

This is an expression of an independent adjuster and is an admission of the seriousness of this situation. Adjusters for bureau organizations know nothing of the adjustment bills as they are submitted to the companies, for they have nothing to do with the preparation of these bills.

These are drastic statements but the business is in such a serious situation, because of loose handling of losses and assignments, that we must bring the matter out in the open to help protect the companies, the agents (many of whom are not aware of these facts) and property owners.

The entertainment of local agents, brokers and field men by adjusters should be absolutely discontinued by bureaus as well as independent adjusters. Adjusters, whether bureau men or independent adjusters, should be able to stand on their record in having loss assignments directed to them.

Here is a brand new thought regarding a condition brought about by the rush of the times and is given to us through a letter received from one of the outstanding loss men in our business. We know this will be of interest to all and we quote from this letter as follows:

"Having been in the construction business and realizing the importance of the use of seasoned lumber, and dangers involved as a result of shrinkage where dry lumber is not used, I am much alarmed concerning anticipated claims which are bound to arise wherever and whenever windstorms occur in sections where thousands of new buildings are being and have been erected in the past few years.

"I have had occasion to see the shrinkage in many of these buildings—the cracks are numerous, both inside and out, and when windstorm occur, you are going to be faced with many claims for repairs to cracks which are not due to windstorm pressure.

"Adjusters should be and will have to be educated to distinguish between shrinkage cracks and cracks from wind pressure. I also believe company should instruct their loss departments to watch for this hazard carefully.

"Also, the stability of these buildings as a result of use of inferior materials can, and I feel will, prove a serious matter in the future. My remarks are no reflection against the builders—they are against materials that they have had to work with the past few years and even at the present to some extent.

"I feel this will prove a serious mat-

ter in the future and is of sufficient importance to call to the attention of all companies at this time."

It is important that we keep loss payments in line with the actual loss suffered, for, without proper adjustments, we cannot retain our own respect, or expect to have the respect of those with whom we do business.

With the tremendous increase in losses, both in number, as well as an average amount, it behooves us intelligently to meet this problem, which can be solved through the cooperation of the companies, by first insisting that losses be reported by agent and that assignments be made by the companies.

Women's Federation Plans

Miss Marguerite S. Fitzpatrick, Syracuse, president of Federation of New York Insurance Women's Clubs, will preside at the annual meeting of the federation at Mohawk Hotel, Schenectady, Oct. 17-19. The Schenectady and Fulton county clubs are joint hostesses. Edith Mann of Schenectady is convention chairman and Gladys Putnam of Gloversville is program chairman.

Hospitality is being planned for the delegates and members who attend the convention by various insurance companies. All members of local clubs are invited and urged to attend the conven-

tion in as great a number as is possible.

Miss Fitzpatrick, president, is a partner in the John W. Carroll & Co. agency, and her corresponding secretary, Miss Marie Sullivan is associated with the Loss Protection, Inc. agency, both of Syracuse.

Diemand Featured at Accountants Gathering

Two speakers have been added to the program for Insurance Accountants Assn. meeting at Atlantic City Oct. 8-10. Robert C. Angus, secretary of Northern Assurance, will discuss "Eliminating Details in the Claim Department."

William F. Delaney, New York reinsurance manager of Fairfield & Ellis, will speak on "Guaranteed Profit Treaties."

John A. Diemand, president of North America, is the featured speaker, on "What Shall the Harvest Reap?" Company executives are taking an interest in attendance of their accounting personnel at the meeting, which is not limited to members.

Total damage of about \$50,000 resulted from a fire at the plant of the Weaver Manufacturing Co. in Springfield, Ill.

HIGHLIGHTS IN INSURANCE HISTORY Early Theatre Losses

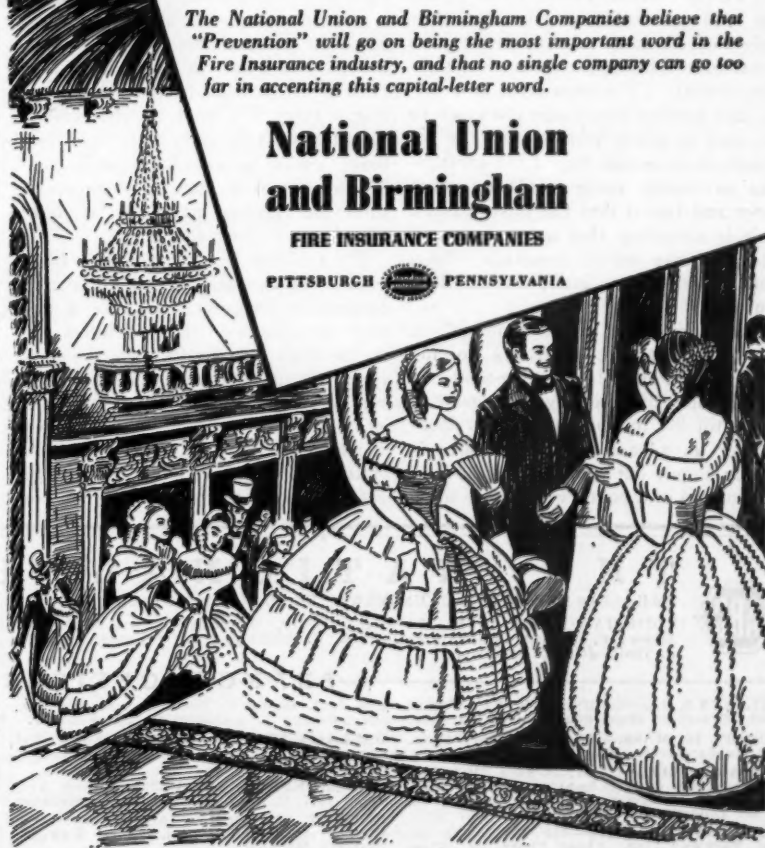
In the century beginning with the burning of Rickett's Circus and Greenwich Street Theatre in 1799 and ending with the burning of the Metropolitan Opera House in 1892, New York had 37 great theatrical fires. Because of these catastrophes, the Insurance industry helped to create more stringent theatre building and operating laws. By 1887 they had achieved such important provisions as: open courts or alleys on each side of a theatre; extra doors into the courts; outside iron stairways leading to galleries; proscenium-wall extending from foundation to and through roof, which with fire curtain made a fire-proof boundary; automatically opened skylights on stage roof; on each floor fire extinguishers and hose connected with roof tank; floors and partitions constructed of iron and masonry; diagrams of each floor printed on programs; regular uniformed fireman detailed to each performance.

The National Union and Birmingham Companies believe that "Prevention" will go on being the most important word in the Fire Insurance industry, and that no single company can go too far in accenting this capital-letter word.

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FIRE INSURANCE COMPANIES

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EDITORIAL COMMENT

Getting Back to a Fundamental

Men seasoned in the ocean marine insurance field often make several points in discussing some of the newer forms of coverage such as the personal property floater.

Ocean marine insurance is all risk. It is excellent protection. The contract terms are definite and inescapable by either side. However, it does impose responsibility on insured in respect to insurance to value and hazards. This responsibility is one that insured is anxious to discharge because he appreciates that he has a good thing and he is willing to assume his share of the burden to keep it. He does not want to jeopardize valuable insurance rights in the contract.

One of the thoughtful men in the insurance business, who came up the ocean marine route, thinks that the problems posed by the personal property floater are not going to be cured by anything short of a warranty of insurance to value in the policy. He does not think it can be done simply as an underwriting policy, because this is flexible and responds to competitive pres-

sure. So far as insurance to value is concerned the result across the board is a very uneven one.

Today the personal property floater is a claim breeder, and this observer thinks that to solve this particular problem there should be a sharing of the risk, up to 5% say, by insured. There is such a sharing in the ocean marine contract. He believes there is a definite need to get back to the fundamental insurance idea. The insurance contract originally was designed to protect insured against the risk he could not readily bear himself. No policyholder needs to replace old hats, broken fountain pens, and mislaid household items.

But, this observer admits, the insurance business has taught insured to make such claims. The business has given him a false notion of what insurance should do for him. That teaching will be reflected for years to come. If there is to be a change the insurance business will have to do the educating, principally through the contract itself and what it does when a loss occurs.

Explanation with Every Policy

Commissioner Knowlton of New Hampshire suggests that accident insurers adopt the practice of industrialists and unions in issuing a pamphlet explaining in language which the every day man can understand the terms of the contract in which he is involved.

This would be a wonderful thing but we don't think it is going to happen. It would be desirable on all policies, but we can't envision every policy going out with an explanatory booklet, possibly headed, "any resemblance to the terms of the binding contract is purely coincidental." The high price of printing and postage would add too much to the cost of doing business and the recipient likely would regard the explanation as simply more words on more paper and toss it into the waste basket. This is assuming that any company—let alone one whole insurance field—could agree on an interpretation of a contract.

There are other practical difficulties. Though explaining coverages to the public would accord with nine-tenths of the impulse of company management, there still lies in wait the chiseler looking for an advantage. The insurer is mostly eager, but partly cautious. An explanation of a policy would have to be

so labeled that it could not be brought into court to take advantage of the insurer. It would have to be an "explanation" and not an "interpretation". When the chips are down, the company wants to use the time-tested weapons of contractual terms to defend itself.

This is not to say that the contract is altogether, or even in major part, a foreguarding against payment of claims. The contract is designed to provide coverage. It gives the insured what the company thinks is worth the money, and what the insured must believe is worth what he is paying for it. But if there is a limit to what insured pays for what he gets, there must be a limit to what he gets for what he pays. There must be a point at which the insurer and insured agree to lay down boundaries to their agreement.

The problem is not peculiar to insurance. The average layman doesn't understand a blueprint, either, or a doctor's prescription. The architect and doctor don't attempt to make the client an expert in their business before selling him their services. So it is with insurance. If the buyer has an agent in whom he has confidence, he will be pretty well satisfied; if not, he can get another one in whom he does feel con-

fidence.

Unquestionably, the terms of insurance contracts can be simplified—and should be as time goes along. Some companies and agents have had exceptionally good results by emphasizing the exclusions that obtain in the various scheduled liability policies as compared with those in the comprehensive or broad form liability coverage. Perhaps at some point in the sale of any policy,

possibly at first renewal, the agent can explain what is not covered by the policy and thus forestall unpleasant feeling when a loss occurs.

To put out an explanation with every policy is to assume that the millions of insured in the country are interested enough to spend time and thought in understanding the explanation. We think most of them would say that they depend on their insurance agent.

Futile Advice to Assured

A few days ago an insurance consulting organization got out a letter to clients, saying fire insurance rate increases are in the offing and recommending that they have their policies rewritten for a new five-year term at the present rates. Upon that letter was based a story in a daily newspaper that was prominently displayed on page one.

Brokers and agents were greatly embarrassed by this publicity. By and large the producers have refrained from engaging in a campaign to cancel and rewrite at this time. They fully appreciated the necessity for insurers to collect higher rates and they realize that the companies could be robbed of most of the benefits of such increase if the producers should embark on a program of freshening up the cover at existing rates. Also, this would intensify the premium reserve problem to an intolerable degree.

In the larger sense the broker and agent is protecting the best interest of his client by refraining from taking the opportunistic course at this time. For what the insurance buying public needs most is an adequate and strong insurance market. An occasional broker could slip his assured under the fence without disrupting the market, but responsible agents and brokers realize that if such practice should become any more than occasional, the insurance companies would not only police the fence, but close the shutters of the ticket windows with a bang. The true insurance counselor knows that he would be outsmarting himself and most of his clients by proceeding to roll over

the insurance. Certainly no important agent or broker could think of trying any such thing, for he would lose his market in an instant as soon as his companies found out what he was up to.

In the old days and under more normal conditions, it was regarded as cricket to freeze onto old rates when rumors of rate increases were heard. But that was in the days before state rate regulation when it was something of a game between companies and agents and when there was no such desperate lack of capacity as exists today. The companies could act more promptly and prevent rewriting from going too far.

Now that rate increases have to get state approval, there will be more of a lag between the time that producers learn of what is in the wind and until the changes become effective. The whole system of state regulation of rates could be badly discredited if this fact should result in fast moving brokers and assured out maneuvering the companies and state authorities.

The state has a decided interest in the matter and Insurance Commissioner Hanley of Maryland the other day issued a stern warning to agents, brokers and companies that to cancel and rewrite to circumvent rate increases is discriminatory and violates the rate regulatory law. Under today's conditions, however, that question of discrimination is beside the point because discriminatory or not, it is impossible for assured in significant numbers to effect replacement of coverage in mid-term. The saving is entirely theoretical because the transaction couldn't be completed.

PERSONALS

W. W. Waddell, who retired five years ago as an assistant western manager of Fireman's Fund, is again on the firing line temporarily. He is undertaking some special studies in the general cover department of Fireman's Fund at Chicago. On two or three other occasions since his retirement he has returned to do special work, also at various times he has been working for Western Adjust-

ment. He just passed his 70th birthday the other day and his health is excellent.

George W. Holton, who is retiring as vice-president of Phoenix of Hartford,

Reprints Available of "Futile Advice to Assured"

Reprints of the editorial, "Futile Advice to Assured," may be obtained from the National Underwriter at a cost of \$2.50 per 100; \$5 per 250; \$8.75 per 500 and \$14 per 1,000.

THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York.

EDITORIAL DEPT.: C. M. Cartwright, Editor, Levering Cartwright, Managing Editor, News Editor: F. A. Post, Associate Editors: D. R. Schilling, J. C. O'Connor. Assistant Editors: Richard J. Thain, John C. Burridge.

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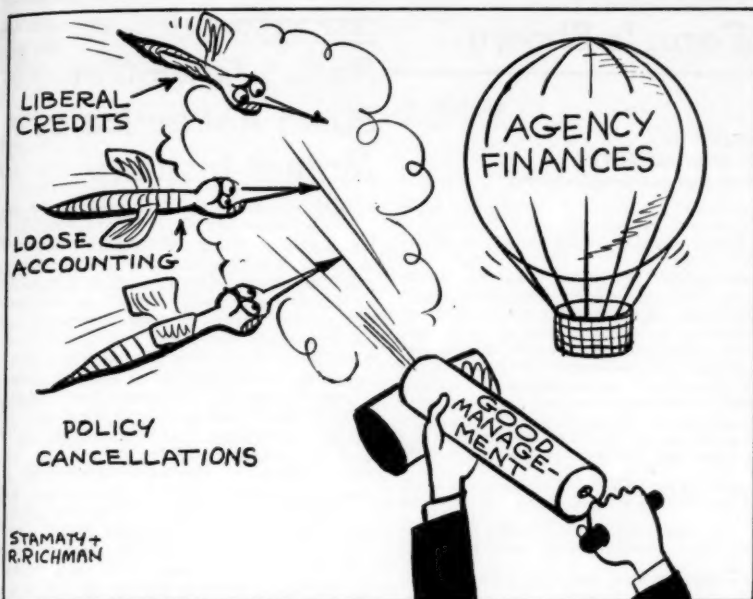
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"QUICK, HENRY - THE FLIT!"

has been with that organization 40 years. He was born at Clinton, Ia., in 1872. In 1895 he entered a local agency office at Omaha and in 1900 was appointed state agent in Iowa for Germania Fire. In 1907 he was appointed state agent for Phoenix of Hartford for Iowa and in 1923 was transferred to eastern Pennsylvania.

In 1926 he was called to the home office as assistant secretary and was made secretary in 1929. In 1936 he was elected vice-president and secretary. He is president of Minneapolis Fire & Marine.

C. A. Nottingham, who is retiring as deputy U. S. manager of Royal-Liverpool, and who is being honored Sept. 25 at a dinner at New York, dates his connection with the group to the time 43 years ago when he became connected with Central of Birmingham. That company was later acquired by L. & L. & G. He ascended through the ranks in England and became manager at Birmingham about 1917.

In 1922 he came to this country as joint manager of L. & L. & G. at New York and was elected president of Federal Union and vice-president of Star. In 1929 he was elevated to assistant U. S. manager of L. & L. & G. and when its operations were amalgamated with that of Royal, he became assistant U. S. manager of the entire group. He became deputy U. S. manager in 1944.

In 1922 when Prudential of Great Britain, which does a reinsurance business, was organized under the auspices of L. & L. & G., Mr. Nottingham became its first president and he has been in that position ever since. He is also U. S. manager of Skandia and president of Hudson, which are both in the reinsurance business.

Mr. Nottingham was president of National Automobile Underwriters Assn. from 1935-37, and is the immediate past president of New York Fire Insurance Exchange. He was vice-president for a time of Factory Association. He is chairman of Underwriters Salvage of New York.

Mortimer E. Sprague, vice-president of Home, has been elected a director of New York Board of Trade.

W. E. Rodda, son of **W. H. Rodda**, head of the Transportation Insurance Rating Bureau of Chicago, was married at Columbus to Miss Betty Ford, daughter

of Mr. and Mrs. A. L. Ford of Columbus. The young man is a corporal in the fiscal division of the army at Ft. Benning.

Donald R. Roberts, automobile and inland marine claims department of American at New York, caught a 535-pound tuna in the deep sea off the Jersey coast. The fishing boat was out of Staten Island.

George M. Montgomery, veteran adjutant and former manager of Western Adjustment at Wichita, left Monday on his annual hunting and fishing expedition to Canada. This year he and his party will pitch camp about 50 miles north of International Falls. There are four in the party this year.

DEATHS

John T. Conick, 89, father of Harold C. Conick, U. S. manager of Royal-Liverpool, died in Chicago. Mr. Conick's mother died in July.

William H. Gartside, 72, a broker with Fred S. James & Co., Chicago, and a former assistant manager of the western department of Fireman's Fund, died at his home in Highland Park. Mr. Gartside had entered the business as a producer at Chicago 50 years ago. He went with Fireman's Fund in 1917 and remained with the company until 1935.

Marius R. Jewett, assistant treasurer of Aetna Fire, died at Hartford. Illness had kept him from active duties for many months. He had held the office of assistant treasurer since 1941, before which he had served for a number of years as cashier. He entered the company in 1915 in the mail department and subsequently worked in the filing and underwriting departments before becoming cashier. He was born at Waterbury, Conn., in 1893. He was a veteran of the first war.

LeRoy Marvin, 82, retired insurance man at Buffalo, died there. In 1881 he joined the North & Vedder agency now known as Richard L. Wood & Co., as an office boy. He later became manager of the fire insurance division. He retired in 1939.

John D. Simion, local agent at Pittsburg, Kan., since 1910, died there.

Irving A. Worthing, 71, local agent at Oskfield, Wis., since 1911, died of a heart attack.

Allen M. Reager, 62, head of the Allen M. Reager & Co. agency of Louisville, died, following a heart attack. For some years he was a railroad man and entered insurance more than 40 years ago. For 19 years he was with Travelers, for a while represented Continental Casualty,

and then established his own business in 1923. He was prominent in high school where he played football.

Joseph F. Lutz, 62, partner in the Booker & Kinnaird agency, Louisville, and connected with it for 36 years, died at his home. He entered insurance in 1902 with another agency and then joined the B. & K. agency.

Freeman K. Lamb, local agent at Portland, Me., died suddenly at his home at Falmouth.

Four Secretaries Are Sketched

(CONTINUED FROM PAGE 2)

mission naturally to start the new procedure along the right course, develop it and see that it worked successfully. It was fortunate that the Western Union had as its first secretary of the governing committee a man of Mr. Dudley's traits and knowledge. His widow and daughter still live in Chicago.

J. O. Wilson was the office manager of the old Union. He had very little to do outside of handling the details. There was nothing to be initiated or be developed from the inside at that time. All of the ideas were to come from the outside and then be transmitted to the members through the "Bulletin." **E. B. Hatch** was engaged in the office and assisted Mr. Wilson. He acted as editor of the "Bulletin".

On the death of Mr. Dudley, Mr. Hatch was elected secretary of the governing committee July 2, 1909 and in September, 1912 he was elected secretary of the Union. This was the first time then that the secretary assumed a larger role. Mr. Hatch had had no insurance experience. He was a man interested in handling details. He followed every rule and precedent. He was most meticulous in all his work. He saw that every "I" was crossed and every "d" was dotted. He had little imagination. He had a fair amount of constructive ability, but he had no chance to show it. Then he was much afraid of managers. He said to me that he would be glad if I did not come to his office because he was afraid that he would be accused of giving out information. He knew that the managers were of formidable type. It can be truly said of Mr. Hatch, despite unusual adherence to rules, regulation and precedent, he did give the organization a method of procedure that could be followed and would encompass the various points that needed to be brought up from time to time. He reigned in a day when so many people were endeavoring to attain their end and rule everyone else.

Charles F. Thomas Elected

On the death of Mr. Hatch, Charles F. Thomas was elected to succeed him, he having been assistant western manager of Aetna Fire and was known as the famous "King of Texas". It would be idle for me to attempt to paint the rose or gild-old-gold. Mr. Thomas is too nearby and is still too much a part of Western Underwriters Assn. to need any special comment. It can be said that under his administration the organization reached its zenith and bloomed into full flowerage. Mr. Thomas fortunately had a long, varied and valued experience in insurance. Regardless of all that has been said and can be said of him we will all agree that primarily he is an insurance man of the highest mold. He possesses a personality that makes him most distinctive. Furthermore, he has the faculty of knowing how to get along with people in a friendly way. That always seems to me a necessary characteristic on the part of association officials. They deal with personalities of so many varieties that they must themselves become sort of a merged personality adaptable to anyone with whom they come in contact.

During Mr. Thomas' day it was often

the inside that was creative and constructive. Frequently the inside became the teacher and the adviser. Mr. Thomas, it might well be said, is a statesman in insurance. The documents that he wrote are statelike. He introduced many new features in the organization that made it a greater service. He was a man of splendid judgment and good common sense. He did not indulge in fantasies. He took his work seriously and he sought to iron out difficulties without delay. He had some hard nuts to crack and some difficult situations to meet. He displayed vigor and courage. In other words, Mr. Thomas was a leader—a genuine one. He rounded out the Western Underwriters Assn. so that its machinery was well oiled.

Tough Problem of S.E.U.A. Case

Toward the end of his administration he was compelled to meet, of course, the toughest problem that confronted insurance and that was the S.E.U.A. case that went to the U. S. Supreme court and led to the adoption of public law 15. He led in the reorganization of W.U.A. in order to bring it in line with the new developments. It was a difficult task and required the most intelligent, most profound and careful thought. Mr. Thomas was a leader in what was done. The report of the governing committee which outlined the road to follow was a masterpiece. Mr. Thomas' hand could be seen in it.

His entrance into the association was December, 1929, he being elected secretary and manager of the organization. His first appearance in the secretarial chair at the meeting was in the spring of 1930 at Washington, D. C.

Edward H. Born, chief assistant, was elected to succeed Mr. Thomas at the meeting held in September at Asheville, N. C. It might be said that he was groomed for the place. He entered the work of the association when Mr. Hatch was at the helm. Mr. Born had been connected with the western department of Hartford Fire and his immediate superior was C. H. Smith, now head of that organization. When Alfred Stinson started the western department of American Eagle, a unit of America Fore, Mr. Born was induced to join him. When he resigned to go with Western Underwriters Assn. he had had the good fortune to become thoroughly acquainted with all its rules, regulations and precedents and to learn from Mr. Hatch the necessity of having every minute carefully observed. Fortunately for him he had some insurance experience prior to coming into the organization. Still more fortunate was his association with Mr. Thomas. He saw how Mr. Thomas got his results. He observed how he was able to deal with the people and get their support.

Went to School

It might be said that Mr. Born went to school with Mr. Thomas as teacher. Naturally he has a personality and gift of his own, but has assimilated much from Mr. Thomas so that he started his important work under splendid auspices. He knows how to deal with people. He has been the secretary of Farm Underwriters Assn. and special risk underwriters body. He knows much about insurance. He has a fine grasp of what might be called the association idea. That is, he realizes the importance of association principles and guidance. Although the association may be hampered somewhat, it enters into a new work. That is, it must be of greater service to its members and especially to the public. Therefore, as I see it, Mr. Born's primary duty will be to mold the association into new character and see to it that it now becomes the epitome of real public service.

Mr. Born has the confidence and respect not only of Western Underwriters Assn. people but those that are not affiliated with that body. He will strengthen the bond of good fellowship and I predict that he will grow as the years come and go and that he will go down as one of the great secretaries of the wonderful Western Underwriters Assn.

NATIONAL BASE

Inland Marine Not Amenable to State by State Rating

RICHMOND—State regulation faces the supreme test in the inland marine insurance field more than in any other, H. L. Wayne, manager of Inland Marine Underwriters Assn., said at the state 3 meeting here on rate regulation. Even on many of the so-called controlled classes the business is interstate, if not international, in character, he said. There is not sufficient premium on any one class in any one state to lend credibility to the figures, even if it were economically possible or wise to segregate such figure.

Of \$175,500,000 of total direct inland premiums written in the United States, Canada and elsewhere by stock and mutual companies in 1946, members of Inland Marine Insurance Bureau wrote from 81.70% to 100% of each of the separate classes and 92.67% of the total. Alabama had .62% of the U. S. premiums; Florida, 1.47%; and this means \$100,000 to \$250,000 or less on any one line—not enough for credibility. Georgia, Louisiana and Tennessee each had 1¼% of the total; Missouri, 2.93%.

P.P.F. Is in Bad Way

In 1946 the P.P.F. accounted for 14.68% of the total, and the loss ratio was so bad an emergency rate increase has just been put into effect. Mr. Wayne said that even with the increase, he would not be surprised to find that a number of companies will withdraw from this business or severely curtail their underwriting of it.

The bulk of jewelry premiums is concentrated in larger cities and in 1946 totaled roughly \$26,800,000 or 15.25% of the inland total. With jewelry the business is dealing with a highly catastrophic business on which the earned loss ratios have been climbing steadily to the point where many underwriters are becoming seriously concerned, he said.

On personal furs, companies in 1946 wrote slightly more than \$11,250,000, 6¼% of the total, and about three times the normal volume. The price of furs has gone down materially, which creates a severe moral hazard beyond that ordinarily present in the writing of such personal insurance. Consequently, underwriters' fingers are crossed, particularly in view of the anticipated sharp decline in the personal-fur volume during the next few years.

Garment contractors floater produced \$5½ million in 1946 or 3.19% of the total, and probably more than 90% of this business is written in New York state. Furriers customers insurance and jewelers block business produce \$4,800,000 and \$4,700,000, respectively, or 2.73 and 2.68%. The bulk of jewelers block business is written in eight or 10 cities in the country. Furriers customers business is somewhat more widespread, but the largest concentration is in the populous areas. The only four other classifications subject to rate regulatory laws on which the volume of premiums nation wide is in excess of \$1 million are private fine arts collections, \$1,500,000; camera floaters, \$1,300,000; personal effects floaters, \$1,800,000; and bridge and tunnel and railroad rolling stock policies, each with nation wide volume of \$1,300,000.

Would Cost More Than Premiums

It would cost the companies more to maintain statistics on a state wide basis than the premiums written on some of the classes, he said. Moreover, such figures could serve no useful purpose whatsoever.

Certain lines of inland marine are susceptible to rate regulation, certain lines are not. One line in the latter field is motor truck cargo insurance, with \$16 million of premiums in 1946, over 9% of the total. Mr. Wayne em-

New Reporting U. & O. Form Is Shown

UNIFORM STANDARD

BUSINESS INTERRUPTION
PREMIUM ADJUSTMENT ENDORSEMENT

(For Use Only with Single Item Gross Earnings Business Interruption Forms)

FORM NO. 20
(Edition Aug. '47)

Attached to and forming part of Policy No. _____
of the _____
issued at its _____ CITY OR TOWN _____ STATE _____ Agency. Dated _____ 19 _____

1. The intent of this endorsement being to convert the insurance provided by this policy to a premium adjustment form, the premium consideration therefor is provisional and this policy is hereby amended to the extent set forth in the terms and conditions of this endorsement. In all other respects the policy remains unchanged.

2. **Limits of Liability:** (a) This policy being for the amount of \$ _____, being _____ % of the limit of liability of all business interruption insurance covering the loss insured against by this policy (whether or not such insurance is written subject to the terms and conditions of this endorsement), the liability of this Company is limited to the same percentage of any loss, but in no event exceeding the amount of this policy.

(b) In consideration of the provision for premium adjustment hereunder and based upon that percentage of "Gross Earnings" which is specified in the _____ % Contribution Clause attached to this policy, this Company's liability shall in no event exceed its pro rata proportion of the said percentage of "Gross Earnings" that would have been earned (had no loss occurred) during the twelve months immediately following date of damage to or destruction of the described property.

3. **Value Reporting Clause:** It is a condition of this insurance that the Insured shall submit reports to this Company upon forms (sample printed on reverse side hereof) prescribed by this Company, in accordance with the following requirements:

(a) On the effective date of this endorsement, a report showing the "Gross Earnings" as described in the Contribution Clause forming a part of this policy, except that such report shall cover the Insured's latest preceding fiscal year for which such figures are available.

(b) Within 90 days after the close of each of the Insured's succeeding fiscal years, a report similar to that described above covering the preceding fiscal year.

(c) Within 90 days after the expiration or cancellation of this policy, a similar report except that such report shall cover from the close of the Insured's last fiscal year to, or beyond, the expiration or cancellation date of this policy.

4. **Premium Adjustment Clause:** (a) The premium under this policy being provisional shall be adjusted after receipt of the final report as required by the terms and conditions of this endorsement.

(b) If the effective date of this endorsement is subsequent to the effective date of this policy, the premium applicable to the period preceding the effective date of this endorsement shall be considered as fully earned and no adjustment shall be made thereon.

(c) If there has been any change in the percentages referred to in Paragraph 2 of this endorsement or in the rates named in this policy during the term of this endorsement, the final adjusted premium hereunder shall be determined by applying the method prescribed herein to each period that elapsed between the effective dates of such changes.

(d) All reported values applying only in part to such periods which are prescribed for premium computation hereunder shall be prorated to each such period.

(e) All reported values applying during periods covered by this endorsement shall be reduced to the percentage specified in the Contribution Clause, and shall then be further reduced to this Company's percentage of said limit of liability of all business interruption insurance, as indicated in Paragraph 2 of this endorsement. The total earned premium for this policy shall be determined by adding the premium, if any, applicable to the period preceding attachment of this endorsement to the premium developed by applying the proper proportion of the rates named in this policy to the values for each period covered by this endorsement.

(f) In consideration of the privileges and conditions of this endorsement, if the total earned premium under this policy as developed by the above method is less than the provisional premium paid, this Company shall refund to the Insured ninety percent (90%) of the excess paid, but in no event shall the retained premium be less than fifty percent (50%) of the premium without any premium adjustment hereunder, nor shall the retained premium for the first twelve months of the term of this policy be less than \$100.00, increased for each additional twelve months by \$75.00 or pro rata part thereof for periods less than twelve months.

(g) The amount of this policy shall be reduced by the amount of any loss payment hereunder and no adjustment shall be made of any portion of the premium that is earned by payment of any loss under this policy.

(h) If the Insured fails to submit any report of values when and as required herein, or if at the request of the Insured the policy is cancelled or reduced in amount, the terms and conditions of this endorsement shall cease to apply and no adjustment of premium shall be made.

5. **Full Reporting Clause:** Liability under this policy shall in no event exceed that proportion of any loss hereunder, which the last reported value received by this Company prior to the date of damage or destruction bears to the actual value during the period covered by such report.

6. **Verification of Values:** This Company or its duly appointed representative, shall be permitted at all reasonable times during the term of this policy, or within a year after its expiration, to inspect the property described hereunder and to examine the Insured's books, records and such policies as relate to any property described hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this policy.

7. **Other Insurance:** This insurance does not attach nor become operative if at the time of damage or destruction there is in force other insurance (whether collectible or not) that is not written upon the same plan, terms, conditions and provisions as contained in the forms and endorsements, including this endorsement, attached to this policy, until the liability of such other insurance has been exhausted.



Form No. 20 (8-47)

Agent.

NOTE TO AGENTS: A sample of the form of report required hereunder is printed on the reverse side hereof and such form (Uniform Form No. 20A) must in all cases be used in making reports. Full responsibility for accuracy and promptness of reports rests entirely with the Insured.

phasized that this coverage could not be standardized to the point where rate filings might be made, due to the differences between risks and its interstate character.

At the September meeting of the executive committee of the I.M.U.A., he said, a subcommittee of experts on bailees' customers coverage reported that it was impossible to recommend a feasible or practical plan of prescribing rates and rules for writing the coverage for laundries and cleaners; that regulation of rates and forms would be of necessity arbitrary; and that since many of the problems in the laundry and cleaning business apply with equal force to other types of bailees' customers risks, it is not feasible to deal uniformly with other kinds of bailees' policies.

Constructive Total Loss

CINCINNATI—The marine underwriters consider the Island Queen a constructive loss. The boat was destroyed by explosion and fire while tied at the Pittsburgh wharf. The face amount of the policy on the hull of \$400,000 will be paid to the owners, the Coney Island Co.

If the hull is raised and salvaged it

will be done by owners of the Coney Island Co.

Atlanta Loss \$200,000

ATLANTA—Loss of \$200,000 to \$250,000 was incurred when the Peaslee-Gaulbert Corp. paint plant and warehouse in the center of Atlanta's industrial area burned. Early reports had put the loss at \$1 million or more. The loss was fully covered by insurance. Many big concerns were imperiled for a time, including the regional warehouses of Seas, Roebuck & Co. The fire was confined to the first floor, despite the inflammable nature of the contents of the plant.

Fete Beauchamp, Castle

The Chicago office of Home is giving a farewell dinner Thursday for Ward Beauchamp and Winchester Castle.

Mr. Beauchamp, who has been Illinois special agent for about 17 years, is entering the local agency business at Moline and Mr. Castle, who has been an adjuster at Chicago, is being transferred to Nashville as staff adjuster.

L. J. Fischer, general manager at Chicago, will preside. Vice-president H. A. Payne will attend.

TEST TO COME

Rating Laws Get Much Attention at Mutual Institute

BUFFALO—The discussion of rate administration by J. S. Hamilton, Jr., Chicago, attorney American Mutual Alliance, was one of the most interesting sessions at the Mutual Fire & Casualty Institute here. Mr. Hamilton pointed out that 41 states now have some form of regulatory rate law and there is a possibility that four of the remaining seven may pass legislation early in 1948.

After reviewing the general principles behind most rate laws and some of the major variations, Mr. Hamilton said that the next important step is to see that they are so administered that regulation is actual and not theoretical, as only actual regulation will satisfy Public Law 15. The transition from non-regulation to regulation is always difficult, he said, but now there are many complicating factors, including the large number of states adopting new laws and the discontinuance of many state procedures during the war.

The open discussion following Mr. Hamilton's talk was, like the others, lively and spirited. Many of the questions were about deviations and the possibility of federal supervision. Mr. Hamilton made the point that the problems of rating interstate risks had attracted federal attention before the Southeastern Underwriters Assn. case and undoubtedly would have brought government action, even without this decision.

A capacity group of 300 registered and followed the sessions closely. A surprise attraction on the program was Ambrose B. Kelley, Providence, associate general counsel Factory Mutuals, who resumed his former role as moderator of the question sessions. A dinner Tuesday evening was the only social event of the institute.

Joseph P. Gibson, vice-president and secretary of Excess, and three others will leave next week for the Lake St. John country 300 miles north of Montreal to hunt moose for about 10 days. There will be three others in the party, including J. T. Dargan, Jr., of the New York adjusting firm of Dargan & Co.

DEATHS

L. G. Warder, former associate manager of the western department of Hartford Fire, and who retired in December, 1945, died Sunday at Nashville.

Mr. Warder had been ill for some time. Services were held Tuesday at Nashville, with burial at Glasgow, Ky.

Mr. Warder was brought up at Glasgow. As a young man, he entered the insurance business as an agent there. He later became associated with Home as a farm special agent. In 1917, he went with Hartford, traveling as a special agent in Kentucky and Kansas. In 1921, he went into the Chicago office to take charge of the hail department. In 1927 he was made head of the farm and hail departments.

In 1932 he was made assistant general agent, and in 1938, he was appointed associate manager. Throughout Mr. Warder's entire experience with the company, he had been interested primarily in farm and related lines. He would have been 70 years of age Oct. 19.

Charles R. Drysdale, of the Drysdale & Son agency, Peoria, died Saturday night apparently from a heart attack.



L. G. Warder

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FORM NO. 20B
(Edition Aug. '87)

A membership drive will be conducted from Oct. 10 to Nov. 10.

Koop Resigns as Great American's Chief Executive

**Evans President;
Michelbacher Indemnity
Company President**

NEW YORK—William H. Koop has resigned as the chief executive officer of the Great American group and has been elected chairman of the executive committees of the companies as successor to General Samuel McRoberts, who died last week.

To fill the vacancies created by Mr. Koop's resignation, Daniel R. Ackerman was advanced from vice-president to chairman of the fire companies and John C. Evans from vice-president to president. Gustav F. Michelbacher, vice-president, was elected president of Great American Indemnity. Jesse S. Phillips continues as chairman of the latter company.

Koop 53 Years with Company

Mr. Koop, who has now chosen to lay aside the details of administration, has been chief executive officer of the Great American companies for nearly 20 years and only recently celebrated his 53d anniversary with Great American, with which he has spent his entire business career. He went with the company as an office boy and advanced through various positions until elected in 1928 to the post which he has just relinquished. He has served as president of the National Board, the New York Board, and the New York Fire Insurance Exchange, and he has been active in other insurance organizations. He will henceforth devote his time largely to the financial affairs of the fleet and to matters of general policy.

Mr. Ackerman has also had a long tenure of service with the group. He joined it in 1907 and advanced steadily, becoming vice-president in 1931. As he progressed his interest in company affairs widened and has extended to outside insurance organizations. He has spent his entire business life with the group.

J. C. Evans' Career

Mr. Evans entered fire insurance in his native state of Texas when he joined the Texas Fire Prevention Bureau and thereafter was in the field. He joined the executive ranks of the Great American group in 1934 and became vice-president in 1940. He has participated extensively in organization activities and is chairman of the Texas Advisory Insurance Assn. and a member of the executive committee of the Southeastern Underwriters Assn.

Mr. Michelbacher joined Great American Indemnity as vice-president in 1926 when the company was organized. He is a native Californian and went east in 1915 to become associated with the Workmen's Compensation Service Bureau as statistician. Thereafter he was actuary for the National Workmen's Compensation Bureau, secretary of the National Council on Compensation Insurance and secretary-treasurer of the National Bureau of Casualty Underwriters.

Chicago C.P.C.U. Record

More than twice the number of candidates, 132, that have ever signed up before signed at the advance registration for C.P.C.U. study courses sponsored by the Chicago chapter and the Illinois Institute of Technology. The maximum enrollment has been reached for course

International Claim Assn. Holds Annual Rally

SWAMPSCOTT, MASS.—William M. Hutchinson, New York Life, as chairman of the executive committee, called the annual meeting of International Claim Assn. to order Monday and presented an engraved gavel to President J. N. Cunningham, Crown Life, with which to preside.

Mr. Cunningham introduced Arthur W. Coolidge, lieutenant governor of Massachusetts, who made the address of welcome.

Mr. Cunningham in his president's address, stressed the fact that membership in the association, can be a force for good will, harmony, confidence and cooperation between nations.

John Ayes reported as chairman of the entertainment committee.

Thanks were extended to John Blanchfield, chairman of the program committee.

New Company Added

Reporting as chairman of the executive committee Mr. Hutchinson stated that American Mutual Liability had been added to membership.

Lowell White, president International Assn. of Insurance Counsel, extended the greetings of his association.

F. L. Templeman, Maryland Casualty, reported as treasurer.

An address entitled "Problems are People" was delivered by George Avery White, president of State Mutual.

The speaker emphasized that there are no problems that are not human problems and that problems are people. Mr. White pointed out that the claims men are in a key position in any public relations program and that if their decisions are not fair and if they do not favorably impress the claimants by their attitude and interest in each claim settled, then public relations are being torn up by their very roots. He went on to state that life insurance is big business and that the individual generally fears and distrusts bigness in business, which makes it all the more imperative that claims men think of their activities and problems in terms of people, and urged that since claims men have such a great responsibility and a great opportunity, they take time to be kind.

Mr. Cunningham appointed the nominating committee with F. M. Walters as chairman.

Tuesday's session opened with the report of Secretary L. L. Graham, Business Men's Assurance. He stated that the highlight of the year was the receipt by the association of the certificate of merit from the navy.

E. W. Evans, Scranton Life, as acting chairman of the auditing committee, reported that the report of the treasurer had been approved.

Lon Hocker Speaks

Taking as his subject Occupational Interpretation of Disability Clauses, Lon Hocker, Jr., attorney, St. Louis, concluded that the courts are beginning to recognize that where a company is compelled to pay an unjust claim it is a detriment to the public since the amount of losses which the companies are compelled to pay must determine the premium rates. Most courts, he stated, recognize the distinction between a general disability clause and an occupational disability clause. However, some few states tend to interpret all clauses in the light of an occupational clause. He

21, advanced principles and practices and only a few places are open for the other four courses. These may be signed for at the regular registration on the evenings of Sept. 15-16 at 18 south Michigan, the downtown campus of Illinois Tech.

The Chicago chapter is planning a luncheon for all candidates who have passed one or more examinations at the Fair Store on Sept. 22.

pointed out that even in these states present indications are toward a recognition of the distinction.

In answer the question as to what occupations will disqualify under the general disability clause, Mr. Hocker indicated that there was no fixed rule for this but from a reading of the decisions in the various states it can be generally said "a disqualifying occupation is one for which an insured's mental powers, experience, physical condition, and age equip him and at which he could, without investment or charity, earn a living reasonably commensurate with his pre-disability income."

In discussing the extent of permissible participation in a given disqualifying occupation he stated that with the exception of most of the northeastern states the trend is still strongly to favor the insured in permitting him to have his employment and also his disability benefits."

E. J. Bohne reported as chairman of the public relations committee.

Coronary Heart Attacks

The second and concluding address of Tuesday's session was made by Dr. Howard B. Sprague of Boston, speaking on the relationship or coronary heart attacks to trauma and strain,

W. Va. Meeting

(CONTINUED FROM PAGE 3)

getting the voluntary cooperation of the 86 participating companies.

Colored pictures of the Texas City disaster were shown at the closing luncheon by F. W. Westervelt, manager of public relations for General Adjustment Bureau.

The new executive committee consists of Arch Keller, Huntington, chairman; Jack Simons, Morgantown; Clay Whetsell, Elkins; William Barger, Bluefield; J. F. Wamsley, Logan; Blaine Miller, Parkersburg; Fred Chamberlain, Clarksburg; John Blakely, Welch; R. D. Watts, Beckley. The conference committee is: R. A. Foote, Wheeling, chairman; T. J. Neff, Wheeling; R. S. Thompson, Bluefield.

W. G. Caperton of Charleston was re-elected national councillor, with R. A. Foote, Wheeling, alternate.

Resolutions were adopted opposing modification of the term rule and assailing the Crosser legislation. The association's action on modification of the term rule will be conveyed to the West Virginia inspection bureau and insurance commissioner.

A special committee was set up last year to recognize each year with a merit award the one or two individuals who had performed outstanding service the previous year for the association. Mr. Neff received the award from Arch Heller, Huntington, committee chairman.

An educational conference will be sponsored by the association in the spring at Morgantown.

The constitution was changed to eliminate the regional vice-presidents and dues were substantially increased to take care of the increased budget.

At the request of Frank Bell, Charleston, national councillor for many years, he was released of these responsibilities.

Cathcart Resumes Activity

James A. Cathcart, who served two terms as president of Columbia Assn. of Insurance Agents and one year as president of the South Carolina Assn. of Insurance Agents' and who conducted an agency at Columbia for 30 years, retiring in 1936 due to ill health, has decided to return to the insurance field. His health considerably improved, Mr. Cathcart will be associated with his son, John S. Cathcart, in the Cathcart agency, Columbia.

Omaha Institute Slated Oct. 27-29

A fire and casualty insurance institute, will be held Oct. 27-29 at Fontenelle Hotel, Omaha. The program is being jointly sponsored by University of Omaha school of adult education and department of business administration and the Nebraska Assn. of Insurance Agents, Assn. of Insurance Agents of Omaha, Nebraska Fire Underwriters Assn. and Nebraska State Fire Prevention Assn. The institute will be held in conjunction with the annual meeting of the Nebraska Assn. of Insurance Agents. E. M. Hosman, of the university, worked with insurance men in planning the conference.

The program will open the morning of Oct. 27, with the annual meeting of Nebraska association. Business sessions will be held throughout the morning and afternoon, with a smoker and buffet luncheon that evening.

The Tuesday morning Institute program will feature addresses by President Rowland Haynes of University of Omaha, a response by Joseph Barker, Jr., a talk on "Business Interruption Insurance—Extra Expense Insurance" by George Whitford, Fire Association, Chicago, and "Casualty Trends" by Walter J. Jeffrey, U. S. F. & G., Chicago.

R. E. Stevens will preside at the morning session.

The afternoon program will present addresses by John Pabst, manager of United National Indemnity, Chicago, who will discuss "Fidelity and Surety Bonds"; R. K. Hill, Springfield F. & M., Chicago, "Reporting Forms and Rent Insurance"; and Walter Bremer, Hartford Accident, Chicago, "Casualty Claims." Discussion leaders are R. F. Thomas of Omaha; J. G. Elliott, Scottsbluff; and O. L. Ellerbrock of Hastings. V. D. Ranney will preside.

The banquet of Nebraska association will be Tuesday evening with Richard E. Vernor, Western Actuarial Bureau, guest speaker. Richard W. Walker of Omaha will be master of ceremonies.

Charles W. Martin will preside at the Wednesday morning session. Inland marine insurance will be discussed by Urban M. Lelli, Phoenix of Hartford, Chicago. C. M. Reed of Beatrice will lead the discussion. A. H. Loesch, Underwriters Adjusting, Lincoln, will talk on "Fire Claims." Lester Christensen of Fremont will lead the discussion.

Following the luncheon there will be talks by Bernard E. Stone, insurance director of Nebraska; John W. Lucas, chairman department of business administration of the university; E. C. Iverson, state fire marshal; and Norman H. Davis, Jr., Underwriters Laboratories, Chicago. Thomas A. Bryan will preside. R. M. Byrne will be discussion leader.

I. E. A. Mutual in Ia.

DES MOINES—Iowa State Education Assn. announces it will operate jointly with Illinois Education Assn. as I. E. A. Mutual Ins. Co., providing its members with A. & H. and automobile insurance. The Iowa department has approved the new company. Wayne Pos, former member of the field staff, will be in charge of the company in Iowa.

Briggs in Va. for Home

Home has appointed Richard D. Briggs special agent in Virginia. He will work from the Richmond office. Recently discharged from the air force as a captain, Mr. Briggs is a graduate of Texas College of Arts and Industries.

O. J. Davis, 87, retired Iowa state agent for Home, died at his home at Des Moines following a heart attack suffered recently.

Born in Fulton county, Illinois, Mr. Davis had served 50 years in the insurance business, starting out as a local agent. He joined Home in 1911 as a state agent in Iowa and was placed on the inactive list in 1936 when he was succeeded by his son, Edward J. Davis.

Ala. Agents to Poll Membership on Plan to Raise Dues

Convention at Mobile Also Adopts Resolution on Overhead Writing

NEW OFFICERS ELECTED

President—Stephens G. Croom, Mobile.

Vice-president—Neal Morgan, Heflin.

Chairman Executive Committee—W. O. Thomas of Birmingham.

Secretary-Treasurer—Millard R. McGruder, Birmingham.

State National Director—Jesse C. Hearn, Roanoke.

Directors — Siddons Stollenwerck, Faunsdale, District 2; W. H. Murphy, Troy, District 4; Myron Rothchild, Montgomery, District 6; C. B. Heinz, Selma, District 8; W. H. Shackleford, Birmingham, District 10; Ruth Heath, Gadsden, District 12; H. W. Cranford, Jasper, District 14 and J. W. Gay, Scottsboro, District 16.

The Alabama Assn. of Insurance Agents at its convention in Mobile instructed its executive committee to circulate a questionnaire for a referendum by the members on the subject of increasing dues to provide necessary funds to meet the additional costs of operating the association.

Among the resolutions adopted was one which called upon companies to refrain from direct solicitation of business over the heads of local agents.

Another resolution criticized the tax-free status of consumer cooperatives and demanded that congress and the Alabama legislature take steps to eliminate this unfair competitive situation.

A resolution expressing appreciation to the Alabama Inspection & Rating Bureau for improving its service to the local agents also was adopted. A special resolution recognizing the service of George H. Butler of Anniston was placed in the record. Mr. Butler served as president in 1943 and state national director the last five years.

Breakfast Conference Held

The convention opened with a breakfast conference for agents from the smaller towns and all others interested in writing farm business. Neal Morgan of Heflin presided as chairman of the rural agents committee. J. N. Garner of U. S. F. & G., who has had wide experience in writing liability lines for farmers, led a discussion of farm liability insurance from which the members obtained much helpful information.

A business session for members only was highlighted by the adoption of the motion toward increasing dues, the election of officers, and discussions of the future financing plans of the N.A.I.A. J. F. Van Vechten of Akron, Ohio, member of the N.A.I.A. executive committee, took part in this session.

Mayor Charles Baumhauer of Mobile welcomed the convention on behalf of the city government. W. L. Burnham of Birmingham, president Alabama Fieldmen's Assn., brought greetings on behalf of the fieldmen.

Membership Now 302

In his opening remarks President Hearn covered the progress of the association during the last fiscal year. The association begins the present fiscal year with 302 agencies as against 169 a year ago. When Mr. Hearn took office he asked the association to set its sights

for a membership of 300 and everyone was pleased that the objective had been attained.

Mr. Butler reviewed the work of the national board of state directors during the past fiscal year. He traced the movement to procure additional funds for the National association, as well as telling of the board's actions in numerous others activities.

That afternoon there were addresses by Superintendent L. L. Gwaltney of the Alabama department; Mr. Van Vechten; J. L. Leopold of Dallas, southern director of the National Tax Equality Assn., and W. G. Demoy of Atlanta, district manager for Fidelity & Casualty.

Mr. Gwaltney talked on company soundness. Reviewing the case of Keystone Mutual Casualty, he declared that he had taken every precaution to see that the interests of Alabama people would not be jeopardized. He said that his office was open to local agents at all times.

Mr. Van Vechten gave a comprehensive resume of the work of the National association. He told of the various activities being constantly conducted by N.A.I.A. in behalf of all local agents.

Denounces Cooperatives

Mr. Leopold made a strong denunciation of the present political philosophy which exempts consumer cooperatives from taxation while they compete with taxpayers in the same lines of business. He gave facts and figures showing the growth of consumer cooperatives which he said has forced thousands of small businesses out of existence. He urged that all small business people, including local insurance agents, keep insisting to their legislators that a system of equal taxation be restored and adhered to by government in dealing with all forms of businesses competing in the same fields.

Mr. Demoy's address was a discussion of the new Alabama motor vehicle responsibility act.

Highlighting the entertainment features were the annual get-together dinner, the association's annual dinner-dance, and a luncheon at Gulf Shores.

Following the luncheon at Gulf Shores the closing session of the convention was held at which the officers were installed and resolutions adopted thanking the officers and others. C. L. Gandy, Birmingham, former president of N.A.I.A., presented a set of flat silver to Mr. Hearn on behalf of the association as a token of its appreciation for his services to the association in various official capacities for the last five years. The association gave him a rising ovation. E. A. Sullivan and S. G. Croom, as co-chairmen of local arrangements received the thanks of the association.

Total registration exceeded 240 and the attendance at the get-together dinner was the largest in the history of the association.

It is expected that the association will hold its midyear meeting in Montgomery in the spring and its next annual convention in Birmingham.

Detroit Law Course

In conjunction with the Detroit C.L.U. chapter the newly chartered Michigan C.P.C.U. chapter is sponsoring a business law course to be given Thursday nights starting Sept. 25 by University of Michigan at Detroit.

Joins Miami Insurer

Harold W. St. Clair has been appointed executive vice-president of Retropective Insurance Underwriters, Miami. He was formerly secretary of Stuyvesant and special deputy commissioner of New Jersey.

Benson to Main & Baker

Marshall R. Benson has joined the Main and Baker adjusting firm at Minneapolis. He was with General Adjustment Bureau at Phoenix and Flagstaff, Ariz. from 1944 to 1947. Prior to service in the aviation branch of the army during the war, he was with Hartford Accident at Chicago.

New Chemicals and Processes Create New Fire Hazards

COLUMBUS—War conditions of recent years have developed new products, new practices, and new hazards affecting all organizations concerned with fire prevention. T. Alfred Fleming, director of conservation of the National Board, told 2,000 person at the Ohio governor's conference on fire prevention.

This is an age of plastics, he said. Perchloric acid, which was responsible for the explosion of an electro-plating plant in Los Angeles early this year, startled many who learned for the first time that it was used in this process as well as in the steel industry. This chemical, he said, requires careful study before conditions for its safe handling can be prescribed.

Zirconium Is Hazardous

Zirconium, which has recently come into general use, is one of the most hazardous of metal powders because it is readily ignited, burns very rapidly and has a very serious explosion hazard. It is used in the manufacture of vacuum tubes for radio, signalling systems, photo-flash bulbs, flares and pyrotechnics.

Electrostatic spraying has been introduced into industry. An electrostatic field of high voltage is used to increase the efficiency of automatic spray-coating processes. The equipment uses electrodes charged to about 100,000 volts. Objects brought within six inches of the electrodes may produce strong electric sparks.

Another new war-born industrial process is high-frequency induction heating. It is used chiefly in surface hardening or brazing operations. The electric current used and the heat produced create a hazard of personal accidents.

Ethylene, an inflammable gas, is being used in an increasing quantity in the coloring and ripening of fruit and, more recently, in the treatment of grain in storage. Many deaths have resulted from explosions in fruit-ripening establishments because of the lack of applying general safety controls to the handling of ethylene.

Fluorine Highly Reactive

Fluorine, an extremely corrosive gas and recognized as one of the most reactive elements known, is capable of producing the highest possible flame temperatures and will support the combustion of glass, steel, asbestos and even water which burns as its hydrogen and oxygen combine with the reactive element. The gas is used generally in connection with the petroleum industry in the making of high octane gasoline. It may also be used in other processes as techniques are developed further.

High-test hydrogen peroxide is a new concentrated form of a pliable oxidizing chemical employed during the war as a source of energy for launching buzz bombs. It is used frequently today as a bleaching element and is employed as a chemical in the plastic industry and in the manufacture of synthetic rubber.

Liquefied Oxygen

Liquefied oxygen is shipped and used quite generally in industrial processes because of engineering developments during the war which supplied a means of applying low temperatures (minus 300 degrees Fahrenheit) for commercial uses. It is used in the gasification and liquefaction of coal and other materials, in high-speed multiple torch flame cutting operations, and in reducing the time for smelting and refining iron and steel ores. Vessels containing it are sometimes subject to pressures of 20,000 to 30,000 pounds per square inch. The explosive possibilities are great.

The East Ohio Gas Company explosion brought up the subject of low temperatures which frequently might be as hazardous as the high temperatures, Mr. Fleming commented.

Modest Fire Rate Increase Applied in Ill.

A modest fire insurance rate increase has been approved by the Illinois department effective Sept. 15. The bulletin was received in insurance offices Wednesday morning.

In the northern part of the state the only increase is 15% on building and 10% on contents on brick structures, mainly mercantiles, in towns of eighth class or better.

In the south the same percentage increases apply on brick buildings and contents but in all territories, protected and unprotected. Also in the south there is an increase of 10% on building and contents on frame structures, regardless of territory. Also in the south the increases apply on building and contents according to their construction when rated under the abstract of schedule.

There is no increase anywhere on fireproof and incombustible construction and there is a long list of risks which are not subject to increase, these including dwellings, apartments, churches, public buildings, educational institutions, filling stations, flour mills, hospitals, whisky warehouses and a number of others.

It is understood that last week, a few important assured, getting word that a rate increase was in the wind and assuming that it would be a percentage increase across the board, had their cover rewritten for a new five-year term. All that this accomplished was to put an added strain on insurance company surplus, because these risks, as it turned out, were not affected by the increase.

Allen Durfee, formerly with General Exchange as agent, adjuster and underwriter at Cincinnati, Detroit and Grand Rapids, has purchased the D. L. Kelley agency, Newaygo, Mich.

Commission Question Absorbs W. U. A. Members

(CONTINUED FROM PAGE 16)

upon which our business has grown to its present magnitude." He said that the business is accommodating itself to the changes and innovations and that progress will depend upon organized effort in achieving solutions of common problems.

The main meeting started Tuesday morning, President C. W. Ohlsen gave his address, followed by the report of the governing committee by Chairman C. H. Smith, Hartford Fire.

E. A. Henne, America Fore, speaking for the actuarial committee, stated that almost all states had now adopted rate regulation laws based on the all-industry proposal. There will be a 90-day period allowed for companies to get their machinery in order.

The report on cooperation in loss adjustments was given. All these were referred to the committee on order of business of which S. M. Buck, Great American, is chairman.

The entire afternoon was given to discussion. All members were allowed to attend and participate.

R. P. Barbour, retired manager of Northern of England, was elected an honorary member.

An effort was made at the W.U.A. meeting to reach a conclusion as to a fair and reasonable commission scale. No other jurisdiction has taken any action as yet and W.U.A. desires to avoid taking any step that will cause embarrassment elsewhere.

Alvah Small, president of Underwriters Laboratories, gave a talk at the Wednesday session.

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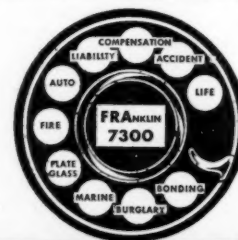
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Illinois Association Enters New Era

Plan Expanded Size, Scope Under New Manager

Hamilton, Sprouse, Drake Spearhead Campaign For Revitalization

OFFICERS REELECTED

President—Russell L. Sprouse, Springfield.
Executive vice-president — Lyman M. Drake, Jr., Chicago.
Executive manager — William W. Hamilton, Chicago.
Secretary-treasurer—Lillian L. Her-
ring, Chicago.

By RICHARD J. THAIN

SPRINGFIELD, ILL.—There was ample evidence at this annual meeting of Illinois Assn. of Insurance Agents that the naming of William W. Hamilton as executive manager is ushering in an era of considerable expansion in size and scope of the prairie state body.

Most convincing evidence was in the maiden speech of the Chicago Board manager in which his quiet dynamism was impressive. There were no rash promises on Bill Hamilton's lips, but there were words that made sense and brought his hearers confidence that he symbolized a new day for their association.

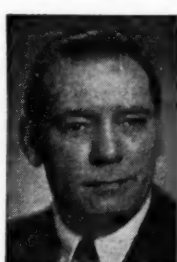
"We're going to build Illinois into a top association," said Mr. Hamilton, and there was no mistaking that he



R. L. Sprouse



Lyman M. Drake, Jr.



W. W. Hamilton

really meant it. As a first move in his ambitious program, the new executive manager disclosed his plans to visit every local board in the state within the next several months and as many individual agencies as possible. He will explain at each stop need for increased dues, and for increased membership, individually and through local boards, city and county.

Challenging Opportunity

Mr. Hamilton called his new post a "challenging opportunity for me to push my conviction that the agent should be the prime factor in the insurance business in this state." Only through organization can the agents ward off impending attacks from within and without, he said.

Splendid as the legislative activity

DANFORD GOES OVER

Safety Loses Its Dullness When Larded With Wit

Amazingly enough what was probably the brightest speech on the program of the Illinois association was on that traditionally dull subject, safety.

The speaker was handsome, mustached H. R. Danford, director of education for the Conservation Bureau. His manner was breezy, larded with really humorous stories and illustrations. Dick Danford spends the better part of his life dashing from one part of the country to the other, educating and speaking. Still his presentation of what shouldn't be a dull subject but usually is was not stale, but is a darn good show. He really got an applause from an audience which has been forced to be increasingly safety conscious.

There was particular interest in his talk because a law is now on the books in Illinois which requires driver education in high schools. It is up to the insurance agents, Mr. Danford said, to see that teachers in their communities are trained in driver instruction. This can be handled through Conservation Bureau, he said.

Agents should make use of the great amount of published material on safe motoring which the companies and their associates put out. The agent can arrange speakers on safety in the home town and support moves in Illinois for upgrading license requirements, and introducing compulsory vehicle inspection and improved enforcement.

The Conservation Bureau educational program concentrates on educating teen agers, because it is in this category that five time times as many accidents occur as in the older groups. The theory is that once the right driver behavior patterns are established in a youth, he will not forget his training, Mr. Danford said.

of the association has been, there will be more tests to face, he said and called for a public relations program of its own to be pursued by the state association. The primary objective of his tenure will be to increase the effectiveness of each agent-member as a servicer to the public.

"The insurance industry is no longer engaged in a contest within itself, but is now concerned with creating a lasting edifice," he concluded.

In his report of administration, Russell L. Sprouse, Springfield, association president, sounded the hopes of the organization on the eve of its revitalization when he said, "The future holds more serious problems for us in preserving our business than ever before and with the enlargement of our organization it is hoped that we will have the proper tools to solve these problems as they confront us during the coming months.



Merle A. Read



N. M. Winters

The news which you have read in the trade press in the past few weeks indicates that in the near future decisions

Asks Agents' Aid in Sounding Reactions to Rates

In an humble and sincere message, Director Parkinson of Illinois asked that the members of

Illinois Assn. of Insurance Agents act as a liaison between the public and the department in sounding out the fairness of decisions under the new rating laws.

Agents have their fingers on the public pulse far better than those in any other segment of the business and the Illinois agents seem to be especially well posted, he said.

The director stated that the department will not be rigid in the matter of rates, that the department will proceed slowly making decisions with care. "It's a job with many unknown quantities and we welcome any suggestion you agents might have to help us," he said.

Mr. Parkinson said that no group had been any more instrumental in getting the bills passed in Illinois than the association with its active legislative committee. He commended also the job of educating recalcitrant segments of the industry and the public which the association performed and called upon them to continue the good work in this direction.

will be reached which will affect our businesses from then on."

Presiding at the leadoff session and delivering the opening address, Lyman M. Drake, Jr., Chicago, executive vice-president of the association, called for increasing the size and influence of the Illinois association to its rightful stature in the state and in the nation.

Mr. Drake pointed out that although Illinois ranks third in insurance premiums in the nation, from the standpoint of membership it consistently ranks ninth or tenth. A look at the roster of local boards reveals that agents in the larger cities have awakened to the advantages of organizing, but there is a glaring lack of any such organization in the smaller and rural communities, he stated.

The answer lies in continued vigorous work by regional vice-presidents and individual members in creating new boards and in adding new members to those already formed, he declared. He reported that new boards have been set up this year at Galesburg, Mount Carmel, East St. Louis, and a merger of two was effected at Peoria. Prospective centers for the formation of new boards are Pekin and Jacksonville.

It doesn't take more than three or four agents to form an effective local board, he said. County boards have proven most effective. There is a need for formation of boards or perhaps a single county board for the many agents in the rich and thickly populated suburban areas of Chicago. Mr. Drake noted a particular need for farm meetings around the state.

Cites Oklahoma Success

He espoused with vigor adoption of a plan similar to the highly successful one of the Oklahoma association wherein there are six regional executive meetings in various sections of the state with lunch and a program which are open to all agents, affiliated or not.

(CONTINUED ON PAGE 24)

Premium Adjustment U. & O. Endorsement Is Unveiled

George Whitford Gives Thorough Analysis of New Contract

George V. Whitford, special representative of Fire Association at Chicago, in addressing the convention of Illinois Assn. of Insurance Agents at Springfield, Tuesday, had a message on a subject hot off the griddle. Just the day before the Illinois Inspection Bureau had released new rule pages announcing the premium adjustment plan for gross earnings contracts. This is the so-called reporting U. & O. form that western specialists have been struggling to perfect for the past three years. It makes its bow in Illinois and undoubtedly will be introduced in short order in the other western states.

Mr. Whitford's analysis of this plan, therefore, aroused intense interest. He said the rules are not yet in effect in Chicago and Cook county.

Great Step Forward

Mr. Whitford expressed the belief that this is a great step forward in providing a more workable and equitable business interruption contract. It will enable the assured more easily to comply with the contribution clause, and at the same time be assessed a premium that nearly exactly coincides with the amount at risk. The form should eliminate any criticism that the underwriters collect excess premiums that many a conscientious assured pays in order to avoid contribution penalty.

Premium adjustment forms that have been tried in other jurisdictions, he said, have been disappointing. In one territory a high minimum premium per account was established. This caused quite a mechanical problem. In another territory the statement of values had to be certified by a public accountant. In the west these objections have been overcome by the new plan.

Attach to Existing Policies

At any time the premium adjustment endorsement may be attached to existing business interruption policies written on the gross earnings form. It is not necessary to wait until policies expire, or until the beginning of the assured's fiscal year. The plan is devised so as to encourage the assured to carry insurance slightly above his actual requirements. A refund of premium based on the excess carried is allowed subject to certain limitations. There is no provision for collecting additional premium and the plan does not abrogate the contribution clause. If the amount of insurance is not sufficient, the assured must buy more cover.

The provisional premium is merely the premium developed at the usual rates for the amount of coverage needed and the percentage of contribution required. It must be at least \$100 per policy for an annual policy subject to term multiples for policies written for more than one year. The final retained premium shall also be at least \$100 subject to term multiples and shall not be less than 50% of the premium that would have been earned had there been no premium adjustment.

The company is entitled to an in-



N. P. Parkinson

creased rate for the greater handling involved, but this is gotten by withholding 10% of any return due the assured. The assured whose insurance and corresponding reports more nearly coincide will have the benefit of this plan at little or no additional cost. The plan is not available with the agreed amount endorsement and there is no premium adjustment on policies canceled or reduced at the request of the assured.

Paragraph 2(a) defines the limits of liability which apply. Paragraph 2(b) stipulates that the liability shall in no event exceed the pro rata proportion of the percentage of gross earnings specified in the contribution clause that would have been earned (had no loss occurred) during the 12 months following date of damage or destruction.

Mr. Whitford gave an example. He supposed that the provisional amount of insurance is \$100,000 written in one company with the 50% contribution clause. Suppose that the gross earnings are \$50,000 and that this amount would be earned for the 12 months following the loss. In event of loss the insured's recovery (maximum) would be 50% of \$50,000 or \$25,000. This, he emphasized, is in no sense a time limit, but merely an amount limit. Such a provision is essential to the operation of the plan, he said. If the assured desires a higher dollar recovery than \$25,000, he must increase his contribution percentage accordingly.

Paragraph 3 of the endorsement provides for report of values. On the effective date of the endorsement there is required a report showing the gross earnings for the preceding fiscal year. Within 90 days after the close of each succeeding fiscal year, a similar report is required. Then within 90 days after expiration, a similar report must be made to cover from the close of insured's last fiscal year to, or beyond, the expiration or cancellation date of the policy.

Paragraph 4 deals with the actual premium adjustment. Paragraph 5 is a full reporting or "honesty" clause. Paragraph 6 gives the company the opportunity to verify values by inspection of books and records. Paragraphs 7 is the other insurance clause and states that the insurance does not attach if at the time of loss there is other insurance not written on the same plan until the liability of such other insurance is exhausted. Mr. Whitford went over the premium adjustment computation sheet which he said will be kept by the company office and adjustment will be made after final expiration.

Column 1 in the premium adjustment computation sheet is the report period for the fiscal year of the assured. Col-

(CONTINUED ON PAGE 23)

Education Directors Meet

A group of 16 company educational directors met at New York and discussed agency and field and home office training. They decided not to set up a formal organization at the meeting, which was the first they have held. Another meeting will be held next year. The group saw the North America film "Opportunities in Fire, Marine and Casualty Insurance".

Those attending were: W. C. Danforth and R. A. Ashton, Employers' group; M. J. Pierce and A. O. Kartinen, Standard Accident; C. P. Thomas, Liberty Mutual; E. T. Gambling, and J. B. Jacobi, Maryland Casualty; E. W. Kingsbury and F. D. Eubank, Royal-Liverpool; G. C. Trenholm, U. S. F. & G.; Louis Kortum, American Surety; H. P. Abbott, North America; C. O. Hoehn and L. E. Mackall, National Surety; R. Y. Harney, American; and L. R. Ringer, Aetna Fire.

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Illinotes

S. E. Moisant, local agent at Heaven, Ill., spelled KANKAKEE, was busy extolling the virtues of what is obviously an oasis in the great Illinois desert. While the nice cool rains which be-seiged the conventioners caused most drought-weary agents to say, "Now why the devil couldn't this have happened a few weeks ago?" Shirley just smiled and said: "Been like this all summer at Kankakee—can't complain, plenty of rain, corn and soy beans in fine shape, farm business perk'ing."

North British headquarters was staffed by an impressive array of stalwarts from Chicago, headed by S. R. Howard, Chicago manager; F. B. Ingledew, assistant manager; R. C. Knaack, superintendent of brokerage; Paul F. Capps, supervisor of inland marine; Earl Hazen, supervisor of automobile; J. J. Flood, E. H. Miller, Jr., E. F. Conour, state agents.

The crew of the "Green Diamond," streamliner of the Illinois Central Railroad, were doggone lucky to have experienced railroaders aboard disguised as North Britishers. Came a point where the train was stalled by an off-schedule freight and Messrs. Knaack, Capps and Hazen, dashed for the observation platform, squinted professionally up and down the tracks and finally got the show on the road.

F. G. Cargill, executive representative for North British in the north central part of the state, was forced by a recent operation to miss his first Illinois convention in years. He's recovering rapidly and had been down at the office several times, but is not able to be out on the road as yet.

Most popular spot in the "Abe Lincoln" on the night before the convention was the party tendered by Russell L. "Brussels" Sprouse, association proxy from Springfield. Russ was given an able assist by a shirt-sleeved bartender (non-union) in the person of Merle A. Read of Joliet. A resolution was considered to change his title from chairman of the board to chairman of the bar.

Sure William Jennings, state agent for Kansas City Fire & Marine, likes his job, but he has a few regrets. Bill was for many years a local agent at Rockford and is an ex-president of the Illinois association. His regret—three years ago he became a company man just before times began to get lush for agents.

A very neat arrangement kept the convention free of the usual group of late risers. At eight sharp in the morning, somewhere down in the bowels of the headquarters hostelry, workmen would begin pounding with giant hammers. For those whose heads were already pounding, the combined effect was terrific.

One of the most pleasant surprises of the convention was to wake the first morning, open the hotel room door and find a copy of a Chicago paper waiting, courtesy of Fidelity & Deposit.

Lyman Drake is not proud of his horsemanship and so he was delighted that on a recent trip to Merle Read's Circle R ranch near Joliet that Rancher Read only had three horses, one for himself, one for Mrs. Drake and one for the Drake boy. Being a gentleman, Lyman couldn't cut out the others.

The driverometer sponsored by Aetna Life was a popular exhibit, but American of Newark fared not nearly so well, for its bank agent auto plan exhibit was so badly damaged in shipment that it could not be set up.

A nice ovation was tendered Miss Helen Stombs of Rock Island, president of the National Assn. of Insurance Women, who was introduced during the general session.

L. E. Kelley, Jr., Chicago broker, has purchased an interest in the John S. Skinner agency at Princeton. "Pete" Kelley, a Northwestern University swim star of 1941 vintage, thus has teamed up with a longtime pal of his, Edwin Finn, who was special agent for Hartford Accident up until joining the same agency a year ago.

Dick Danford, Conservation Bureau speaker, was a bit fresher for his Springfield speech than he was the last time he addressed an insurance audience, the N.A.I.A. mid-year. After airplane trouble and sitting up all night, he had arrived at Oklahoma City 10 minutes before he was to talk. He had trouble with them new fangled flying things on his way to Springfield, but managed to sandwich in two hours sleep.

Bill Hamilton, new association manager, drew the lucky number for the door prize. After Bill refusing to accept it on the grounds that he had relatives working for the company, President prouise quipped, "I'll bet he won't be that bashful about his salary."

Mass barber shop singing was a strong if not always on key pre-banquet feature. There were lots of individual stars and then others with the team spirit who gained possession of the microphone at the front of the room for brief tastes of glory. By far the most decorous singer in the house was C. W. Dean of Kewanee.

State Contract "Coercion" Blasted

Resolution to Back Parkinson: Agents Honor Cartwright

The sometimes humdrum job of reporting resolutions was galvanized with interest for L. R. Warren of Chicago by a statement condemning the present Illinois administration for breaking campaign pledges and "coercing and diverting" contract bonds on state projects "from their normal channels." The strongly demonstrated approval which this resolution received from the floor made it clear that this has been a matter of concern to many. The wording went as follows:

"A practice has arisen in Illinois of coercing and intimidating of contractors having to do business with the highway and architecture department of the state to the end that contract bonds and insurance have been forcibly diverted from their normal channels to the detriment of the insurance business in general, and those agents specifically active in the insurance phases of the construction business.

"The present state administration, in spite of a prior commitment in writing to the insurance fraternity did pledge non-interference in connection with such insurance and surety business, has aided and abetted such practice.

"Certain surety companies have also conspired with state officials to the detriment of their own agents for the aforesaid diversion.

Condemn Channeling Practice

"Be it resolved that the Illinois association does most strongly condemn this practice and the present administration's action; that a copy of this resolution be sent to Governor Green, Wesley W. Polk, chief engineer of the Highway Department, and C. Herrick Hammond, chief architect of the Department of Agriculture;

"Be it further resolved that all future candidates for public offices of the state of Illinois be advised of the attitude of the Illinois association in such matters and that any action possible will be taken to prevent such diversion regardless of any political party to which the offender may claim allegiance."

In a second resolution the association pledged support to Director Parkinson in approving rating plans because he has clearly demonstrated and recorded approval of rating plans which "preserve the freedom of competition, continued flexibility in measuring variations in hazards with due recognition to judgment factors in underwriting."

Laud Casualty Companies

In this same resolution, appreciation was accorded to the stock casualty companies in recognizing the interests of the agents in continuing the present flexibility of rating plans.

The following resolution was adopted honoring Charles M. Cartwright, editor emeritus of THE NATIONAL UNDERWRITER:

"Whereas Charles M. Cartwright after more than 50 years of association with the insurance business has elected a life of semi-retirement.

"Throughout his long career as an insurance reporter and editor he has always manifested interest in insurance agency affairs of Illinois.

"His contributions to the Illinois association have been both lasting and many.

"His sterling qualities of character, his fulsome life and outstanding career have endeared him to this association as well as all segments of the insurance business.

"Be it resolved that the Illinois Assn. of Insurance Agents do hereby record

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their most grateful appreciation to Charles M. Cartwright for his sage counsel and advice so willingly given to the agents of Illinois and wish him happiness, success and increasingly good

health."

It was also voted to place before the directors the matter of honorary membership in the Illinois association for Mr. Cartwright.

REPORTING U. & O. FORM UNVEILED

(CONTINUED FROM PAGE 22)

Column 2 is the assured's total gross earnings for the reporting period. Column 3 shows the periods elapsed between policy changes which occurred during each report period. Column 4 entries are computed by pro rating the last entry in column 2 to each period indicated in column 3, the purpose being to apportion each report of values to the periods created by changes in the policy indicated in column 3.

Column 5 is the result of adjusting figures in column 4 to the contribution clause.

Column 6 is the prorata proportion of column 5 covered by the policy. Column 7 shows the pro rata annual portion of the term rates. Column 8 is the actual premium earned under the policy by multiplying column 6 by column 7.

In the recapitulation, A is the premium paid for the policy plus or minus additional and return premiums, including any loss reinstatement charges. B is the pro rata premium earned prior to effective date of the premium adjustment endorsement. If the attachment of the endorsement coincides with the term of the policy, there would be no entry in this column. C is the premium earned subsequent to effective date of the premium adjustment endorsement and is simply the total of column 8.

Premium Earned by Loss Payments

D is the premium earned by loss payments. Inasmuch as the purpose of this endorsement is to show a true earned premium, it is necessary that loss payment earnings be included. In A loss reinstatement charges are to be included. If there has been no change in the rate and the policy is reinstated, the two figures will be identical.

E is the total premium earned by the policy (B plus C plus D) but not less than 50% of A and subject to minimum premium rules.

F is the difference between provisional premium paid (plus or minus endorsements) and the earned premium, and G is the refund due the insured (90% of F).

Mr. Whitford said that while at first this may seem complicated, after an agent has reviewed it several times, the reasons for the various entries will become clear and he will grasp the essentials of it.

SHED FURTHER LIGHT

Royal-Liverpool is sending out an analysis of the premium adjustment endorsement that was prepared by Will Ellis, assistant Chicago manager.

The new endorsement, Mr. Ellis states, fills a long-felt need for a means by which the problem of providing sufficient, but not excessive, business interruption coverage can be accomplished.

In principle, the plan is both simple and direct, being basically one of reporting actual earnings from the insured's records of past operations and, after expiration of the policy, adjusting the premium charge down to the premium actually earned according to the values reported.

The provisions for general usage of the endorsement are clearly set forth in the rules and need little clarification beyond the fact that when writing policies on this plan it should be remembered that all standard forms, endorsements, etc., (such as E. C. endorsement, unearned premium endorsement, etc.) must be attached to the policy in exactly the same manner as if the insurance were not to be written on the premium adjustment plan. The P. A. endorsement

should then be added as the medium of converting that standard policy into a premium adjustment policy. All forms and endorsements should be completed in detail, including the filling in of the contribution or coinsurance percentage in the standard form.

Establishing the Ratio

Paragraph 2 is the most important paragraph. Section (a) of this paragraph establishes the ratio that each policy bears to the whole coverage. This information is essential to proper adjustment of the premium. All reports rendered by the insured will reflect his total business interruption values; therefore, it is necessary to know the ratio that each policy bears to the whole coverage for proper allocation of such reported values to each policy. Obviously, the percentage ratio inserted in this section must be correct and likewise must be changed promptly if the ratio is changed during the policy term, otherwise the insured may be penalized, either in the final premium computation or in case of loss.

Section (b) is also of importance. In the form attached to the policy the contribution clause must be filled in by showing the percentage applying. This percentage is used in determining the proportion of the values reported that is to be used in figuring the final earned premium. For example, if a policy is written on a 50% contribution basis and the insured reports values of \$1 million the earned premium would be based on 50% of that amount. If the contribution was 60%, the premium would be based on 60% of the values reported, etc. Inasmuch, therefore, as it is intended the premium adjustment shall be on the same percentage of the reported values as the percentage shown in the contribution clause, it is entirely reasonable that the maximum dollar amount recoverable in event of loss be likewise limited to that same percentage of earnings that would have occurred during the next 12 months following the fire. In other words, if say, 50% coinsurance is to be employed, the premium will be adjusted on that basis and it follows that 50% of the insured's annual business interruption values is the extent of the protection afforded by the contract.

Normally, when insuring a risk on which the insured feels he would need not more than 50% of a year's earnings to cover his loss, you would write his insurance on a 50% coinsurance basis. If he felt, however, that he may need, say, 80% of a year's earnings to cover his maximum loss, you would then write his insurance on an 80% coinsurance basis. In each such case the total insurance would be for an amount equal to or slightly greater than required by the coinsurance percentage applying. On rare occasions we find insured who feel that they would need as high as 100% or maybe 150% of a year's earnings to cover their maximum loss, because of the extensive time that would be required to resume operations. In such cases, you would normally simply increase the total coverage to the maximum amount the insured feels he would need; but heretofore you would not increase the coinsurance percentage requirement above 80% because no further rate reduction could be secured by so doing.

When the P. A. endorsement is attached to a policy, an important change occurs in this respect. Paragraph 2(b) limits the maximum amount recoverable to the same percentage of earnings for the next 12 months following a loss as the percentage shown in the coinsurance clause in the form, which is repeated in

paragraph 2(b) of the endorsement. (This is such an important point that it cannot be over-emphasized.) As such, therefore, if the insured wants his maximum recovery to be increased to (say) 100%, 150%, or even 200% of the annual anticipated earnings for the next 12 months after the loss, the coinsurance clause in the form and the coinsurance percentage indicated in paragraph 2(b) in the endorsement must show such percentage, and in turn the final premium will be adjusted on that same percentage of the values reported, which is both fair and reasonable. It should, therefore, be emphasized that the amount of insurance carried is not always available for recovery in event of loss, but that the maximum amount recoverable is in fact the percentage shown in the contribution clause (50, 60, 70, 80% or higher) of the probable earnings for the 12 months following the loss. The whole purpose of the premium adjustment endorsement is to allow the insured some leeway in estimating the amount of business interruption insurance necessary fully to protect future earnings and unless this fact is recognized, the value of the endorsement is lost.

No Additional Premium

Section (f), is a departure from normal procedure. You will note that at no time is provision made for any liability above the amount for which the policies are written, and that the premium charged is the full premium for the total amount of coverage provided. As such, no additional premium will develop in the final adjustment, but if the values are less than the total amount of coverage, a return premium can be collected on the basis described in the endorsement. Since a minimum premium of \$100 applies to one year policies, \$250 to three year policies, etc., it would therefore defeat the purpose of the plan if the premium on each policy was not sufficiently above the minimum to allow for adjustment and a return.

These minimum premiums apply to the whole policy term, irrespective of whether the endorsement is attached at inception or just before the policy ex-

pires. Obviously, each policy should be large enough to avoid conflict with the minimum premium requirements. Occasionally it will be found necessary to consolidate the total coverage into fewer policies so as to meet the minimum premium requirements.

Excessive coverage should be avoided, since under no conditions will more than 50% of deposit or provisional premium be returned. As such, if an insured anticipated values for the next 12 months of, say, \$1 million, it is advisable to write approximately \$1,350,000 of total insurance. This amount will allow room for 25% increase above the present estimate, with little danger of value exceeding the coverage provided; whereas, if business retracts the values can go as low as one half of \$1,250,000 or down to \$625,000 before the 50% limit on the amount returnable applies.

Additional Compensation

Because of the extra overhead in handling any reporting, audit, or premium adjustment form of policy, the companies must obtain some additional compensation, and the advantages to the insured justify such treatment. In the plan applying under this endorsement, the compensation is only 10% of the amount returnable. By returning 90% of the unearned premium (according to the values reported) this compensation is most reasonable, since without the endorsement no portion of the premium would be returnable. By handling the extra compensation to the companies on this basis, it is possible to attach the endorsement without an increase in the rate, such as now applies when the agreed amount endorsement is used.

Section 4, Paragraph (h), is also of special importance. Insured should be impressed with the importance of reporting promptly as required, and agents or brokers should set up "call-up" cards on each account to remind their insured of this policy requirement when reports under their policies are due. Only one report is required each year during the policy term and that report is quite simple to prepare. Failure to comply with this requirement voids the entire endorsement, and no return will be al-

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lowed. The full responsibility for prompt and proper reporting, therefore, rests with the insured and his agent or broker.

Endorse All Policies Alike

When the endorsement is applied to policies covering a risk, it is mandatory that all policies on that risk be so endorsed. This is necessary because the failure to endorse all policies creates a penalty upon the insured. This rule is for the protection of the insured, because no provision is made for deducting specific (unendorsed) insurance in making reports, as is the case with stock reporting forms; therefore the insured would lose the return on unendorsed policies that might have otherwise been enjoyed.

One other important point to remember is that this endorsement does not void or waive any of the conditions of the coinsurance or contribution clause in the form. The contribution clause, however, applies to the total insurance; and since the purpose of the premium adjustment plan is to allow the assured some latitude in estimating their future earnings, there should be little excuse for not carrying sufficient insurance to comply with the coinsurance clause.

Obviously, the total coverage must equal, or, preferably, exceed the percentage required by the contribution clause. Unless it does exceed that amount, there will be no return premium. If the total insurance is less than required by the coinsurance or contribution clause, the insured will be a coinsurer, but since the excess premium paid for higher amounts of coverage will (within the limits specified) be returned, there is no reason why some excess insurance should not be carried, he said.

Summarizes the Points

Mr. Ellis summarized these points as follows:

—All business interruption insurance must be totaled and the exact ratio

of each policy to that total inserted in paragraph 2(a). That percentage must also be changed each time the policy ratio changes.

—The coinsurance percentage must be high enough to provide for the maximum loss, and the total insurance provided should be reasonably in excess of the amount thus required.

—The minimum premium is \$100 for one year policies. \$250 for three year policies, etc.

—Not more than 50% of the deposit premium will be returned, therefore, reasonable care should be exercised in not over-insuring too extensively.

—One report of values is required at inception of the P. A. plan and failure to make any report when required voids the endorsement.

—The coinsurance clause applies to the total insurance in force, therefore the total should at all times exceed the amount thus required.

Illinois Agents Gear for Expansion

(CONTINUED FROM PAGE 21)

He called for the return of the speaking caravan idea which had proved successful in Illinois before the war.

After being introduced by Mr. Drake as "an insurance statesman who would have made a top notch senator, N. McCullough Winters, Quincy, state national director, told his hearers that the Illinois agents got more than their money's worth in the work of the National association and in the success in Illinois of getting the best possible legislation.

The provision for judgment rating secured in the state, gives the stock agent a real chance for competing with the mutuals, he said, and he predicted that N.A.I.A. would come up soon with a real solution for truckers. He told of the need for an additional \$10,000 contribution to the N.A.I.A. public relations fund.

Budget of \$30,000

Merle A. Reed, chairman of the board, Joliet, announced that the directors had approved an increased budget of \$30,000 for the year. He estimated that the ensuing year would call for even a larger appropriation.

Mr. Sproule introduced Mr. Hamilton whose remarks were appropriately abetted by impromptu comments from L. P. Warren, president of the Chicago Board and Emil Lederer, who has captained the legislative activities of that body. They pledged support of the Chicago agents in the revitalization of the Illinois association. Significantly they said that Chicago agents will not forget that they are members of the state association first of all and want to have a substantial part in building up the state group under their joint mentor, Mr. Hamilton.

Not a little of the credit for the sense of renaissance in Illinois association affairs can be credited to the already evident fusing of the association with the all-agent Chicago Board. Mr. Hamilton, of course, is the welding link. His appointment is apparently having the desired effect already. Old timers report noticeable lessening of antagonisms between those from Cook County and the downstaters.

The factual portion of the presidential report, indicated that membership reached historical high of 677 last year. Mr. Sproule indicated that the fire and accident prevention committee showed trailer films in 111 towns, excluding Chicago, where 300 films were purchased and shown.

The afternoon session of the first day was piloted by Mr. Sproule. Frank W. Aurelius, president of the Springfield association, and Mayor Eielson welcomed the conventioners with a response for the association by Mr. Read.

The president read his report and appointed to the nominating committee John L. Clarkson, Chicago, chairman, W. J. Johnson, DeKalb, and H. H. Evans, Peoria. Named to the resolution committee were Mr. Warren of Chicago, chairman; Bernard McCurdy, Kankakee, and C. H. Metzner, Peoria.

Insurance Director Parkinson of Illinois called for the cooperation of the agents in making their questions and wants known to him in connection with the new rating laws. "We are in this strange new field together," he said.

H. R. Danford, director of education for the Conservation Bureau of the Assn. of Casualty Executives, spoke on

driver education and the part the agent can, does and should play in it.

Deep voiced and polished John L. Clarkson of Chicago was toastmaster at the banquet. Highlight was presentation by Mr. Drake of the William H. Jennings, Jr., membership cup to William H. Redecker, vice-president of region 9. Mr. Redecker, who is from Centralia, was responsible for the creation of a local board at Mount Carmel.

Opening speaker the second day was Richard E. Farrer, director of the educational division of N.A.I.A., who treated the work being done by the national body toward making the agent a professional man. He said that the new N.A.I.A. introductory course fills a demonstrated need and said that an advanced course in public relations will soon be distributed.

Robert B. Ayres, Chicago, was commentator for a skit he prepared to demonstrate the need for agent competence. Aiding him were Ray L. Britt of Danville as the assured, and Trahern Ogilby, Rockford as agent. Helen Stombs of Rock Island played the part of secretary to the assured. Mr. Britt proved he was a natural comedian as the quartette proceeded to demonstrate that the agent who is guilty of omissions in coverage or "malpractice" through ignorance or lack of energy ruins his reputation.

REELECT PRINCIPALS

Mr. Evans read the report of the nominating committee and all officers and chairmen of standing committees were reelected with the exceptions of three regional vice-presidents. The new men in office are W. E. Morrissey, Alton, region 7; R. N. Rennie, Cairo, region 8, and J. T. Colnon, Marion, region 10.

Official number of tickets distributed among agents, company men, guests and families hit 486.

Real dessert to the luncheon was provided by H. Herbert Corson of Nashville, state national director for the Tennessee association, who proved very adept at pointed and animated darty and mountaineer jokes. He didn't obscure the meat of his address, however, which was that there will be agents in the future because the agents have decided to fight to qualify themselves for real service to the insuring public.

He pointed to the famed Schoonover case in which the Indiana supreme court held that there was no way to demonstrate that a commission paid agent could provide superior service to that given by a salaried agent. Through awakening to the need for betterment the agents can and must stave off such criticism.

Hits Negative Attitude

He inveighed against the negative attitude of those who seem to feel that the agent has lost his commanding position, saying that 85% of the business is still in the hands of the commissioned agent. Playing upon a real tabourine which had one side marked "begging" and the other "service," he ridiculed the agent who still begs policies from friends instead of selling them.

With Mr. Read presiding, the second afternoon session was put into play by John Hutchins, assistant to the state fire marshal. He demonstrated with actual equipment the hazards inherent in

overloading electrical circuits. He showed some of the many fuse violations which his department has found over the state.

Perhaps the keenest interest of the convention was directed to the well presented speech on business interruption by George V. Whitford, special representative of Fire Association at Chicago. This featured a description which couldn't have been more timely of the premium adjustment endorsement to business interruption which has just been made official in Illinois outside of Cook County. His comments are treated at greater length in this section. He is convinced that by not explaining business interruption to clients the agents are keeping them from what is in many ways the most important coverage.

W. J. Jeffrey, resident secretary of U. S. F. & G. in Chicago, advised the agents to use a check list at renewal time for comprehensive general liability cover. This saves both agent and company considerable trouble. First item on this check list is the question of whether there are any changes in lines carried. Has the customer added any new business enterprises or responsibilities such as trusteeship? The list should ask locations of property bought or sold—whether there are elevators, additions, new products, contracts, changes in residence, addition of servants, care or trucks purchased or hired.

Closing words of the convention by Mr. Sproule were, "See you in Rockford," next year's meeting place.

Champaign Party Success

The Champaign-Urbana annual party at Champaign country club entertained about 200 field men, company executives and agents from Peoria, Bloomington, Clinton, Kankakee, Mattoon, Danville, Paris and other towns.

Company officials attending included W. W. Hamilton, manager Chicago Board; V. L. Montgomery, Chicago manager North America; John P. Keever, Chicago vice-president Maryland Casualty; R. S. Chaloner, American Auto Chicago vice-president; J. P. Jana, western agency superintendent of Hanover; Walter Hanson and R. C. Barr, Illinois insurance department; Elmer Reske, Cook County Inspection Bureau; S. R. Howard, North British Chicago manager and Walter Harvey, assistant secretary Great American.

Lunch was served and a chicken dinner.

Rain interfered somewhat with the golf, but 45 played and some were able to finish their 18 holes.

On the Side

All credit is due the battery of Springfield folks who helped the convention run like clockwork. Caspar H. Brown was general chairman, aided by Harper Allen, housing; Roger Troxell, registration; Newton McVay, attendance; Frank Aurelius, reception, and Mrs. Rose Welles, ladies.

Badgered because of his badger, bearded Barker Milley, Harrisburg, has had a card printed which he shoves at all questioners. It reads: "I am from Saline County. I am growing a beard because we are observing our centennial, Oct. 23, 24, 25. A group of fellows, helping to advertise the celebration, are growing or attempting to grow beards. By October we hope to look like some of the old settlers of 1847. We hope you will bear with us, have fun with us and come to our centennial celebrations."

Among the distinguished introduced at the banquet were Don Weiser, Aetna Casualty manager at Chicago, and Dr. Robert Mayer, professor of the new insurance department of the University of Illinois.

North America headquarters was the scene of a non-scheduled forum with agents Alvin S. Keys of Springfield and Joseph Oakleaf of Moline throwing some fast curving questions at W. A. Osgood and V. L. Montgomery, managers, Raymond A. Mitchell, marine manager; and Paul Pruess and H. C. Harm, field men. The company proved seasoned catchers.

Holding down the fort in the Hartford Fire headquarters were F. Joseph Frake, A. C. Schilke, R. W. Sundlof, W. J. McCarren, Robert Royster. The A. & L. delegation was headed by George H. Moloney and included David J. Carroll, E. J. Cathcart and E. J. Dolan.

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Iowa Assn. of Insurance Agents Engages Secretary

Many Lines Offer No Placing Problem, Potter Tells Iowans

Aetna's Expert Shows How to Make Friends and Profitable Sales

In his exposition of selling methods at the meeting of Iowa Assn. of Insurance Agents at Des Moines, F. W. Potter, field supervisor of Aetna Casualty, said that the way for an agent to be addressed as "my friend" by his companies is to sell business which is desired today. He emphasized that there is no problem in placing residence theft, comprehensive dishonesty, disappearance and destruction, comprehensive personal liability, fidelity, comprehensive general liability and similar coverages, that they are easy to sell, stay on the books and produce a splendid commission income.

Mr. Potter's talk was particularly well received, because he followed an animated and serious discussion of the automobile insurance market. His opening reference to making friends with one's companies got a hearty laugh and put him on excellent terms with his audience at once.

"By the Way" Approach

Many common personal coverages can be sold by a simple, informal approach when an agent meets an acquaintance almost everywhere, Mr. Potter said. He gave an example of the "by the way" approach and said another simple method is to mail a circular with a short personal note, following this with a phone call a day or so later. In many cases, the agent's secretary can do the telephone follow-up. Mr. Potter got a big laugh when he said the success of this in many offices has convinced him an agency would often be better off if the agent handled the typewriter and the girl did the selling.

For larger lines, Mr. Potter explained presentation of the comprehensive liability policy. He urged agents not to discuss premiums until a survey is made and said that no assistance is needed in getting the facts on an average risk. When a quotation is made, Mr. Potter suggested quoting the premium for each exposure separately and explaining that exposure. If the prospect objects to any item, tell him it can be eliminated, but ask him to put his initials after the statement "not wanted." He will almost invariably back down on his refusal. If he has committed himself to the premium, exposure by exposure, he is in no position to balk at the final premiums and he will hardly ever do so. Mr. Potter cited a case in which an agent, using this method, raised an owners, landlords and tenants policy with a \$68 premium to comprehensive coverage running over \$500.

Iowa Assn. of Insurance Agents met the hotel dinner situation and provided a new twist to convention entertainment by arranging for those present to attend a professional football game Wednesday evening, instead of the dinner. A large proportion of those in attendance saw the game between the Los Angeles "Rams" and the Boston "Patriots" at Drake Stadium. Bus transportation was provided between the Fort Des Moines Hotel and the stadium.

While the sweltering weather of Tuesday abated some by Wednesday, it was decidedly a "shirt sleeve" convention. The meeting room was nicely air-conditioned and no one complained.

Describes Iowa Responsibility Law

State Official Points Out Danger to Farmers Under Act

The Wednesday luncheon of Iowa Assn. of Insurance Agents at the meeting at Des Moines featured a discussion of the new automobile financial responsibility law of the state, which goes into effect Oct. 1. H. F. Neu, director of the new security division of the department of public safety, filled in for Kent Emery, special attorney of the department, who was called away by family illness at the last minute. There was an animated discussion after Mr. Neu's talk.

After explaining how the Iowa law, which is similar to that in force in New York and Illinois, operates, Mr. Neu pointed out that the only exemption is of electric trolley propelled vehicles, and the law applies to farm tractors on public highways, motor scooters, etc. He also said that the department will be reasonable in enforcing the requirement that accidents must be reported in 24 hours. Unlike some states, he said, these accident reports are confidential and cannot be used in a suit arising out of an accident. He urged adjusters not to do all the work for motorists, saying that the burden of proving financial responsibility is on the motorist.

Not Compulsory Insurance

The only compulsory insurance feature of the law, Mr. Neu said, is the requirement that a person who has lost his license can get it back only by paying any judgment or being absolved of liability, and then by carrying insurance or otherwise establishing responsibility as to future accidents for three years.

If insurance coverage is limited in any way, the license will be similarly limited.

Mr. Neu also urged agents to caution their clients to get the first accident report filled in completely, to avoid complications.

Farm Tractors

There were a number of questions about the application of the law to farm tractors. Mr. Neu said they are not subject to motor vehicle registration and no drivers license is needed to operate one on the highways. However, if a farmer has a highway accident with a tractor, and cannot establish responsibility, he will lose his right to drive and register any private passenger automobile and truck.

Similarly, Mr. Neu said, post office and other federal employees can come under the law. The state cannot stop them from driving government owned vehicles, but the law can prevent them from operating or registering privately owned automobiles.

In answer to a question, Mr. Neu said the \$50 property damage minimum applies to all damage in an accident. Thus, if two automobiles collide and each is damaged to \$25, both drivers must file reports.

At the Wednesday luncheon, President Jester, presented radio station WHO, Des Moines, with the National Board citation for distinguished public service, as a result of its farm fire safety campaign.

Past President R. S. Andrews, Sioux City, was chairman of the nominating committee, and George Cockburn, Cedar Rapids, headed the resolutions committee.

E. F. Foster, vice-president, was on hand from the home office of Fidelity & Deposit, as were W. H. Bock, resident vice-president at Omaha, and W. H. Hansmann, vice-president at Chicago.

A telegram from Commissioner Alexander, who was unable to be present, was read. In his absence, Sam Orbaugh, acting deputy commissioner brought greetings from the department at the Wednesday luncheon.

Lively Discussion on Fire Policy

The discussion on the 1943 New York standard fire policy, recently adopted in Iowa, at the meeting of Iowa Assn. of Insurance Agents, provoked many questions from the floor and took in the new extended coverage endorsement of the state and other revised forms. J. C. O'Connor, Cincinnati, editor "Fire, Casualty and Surety Bulletins" and associate editor THE NATIONAL UNDERWRITER, the speaker, confined his remarks to the major changes in the new policy, emphasizing the "interest" feature, appraisal clause, cancellation provisions, coverage of fire caused by riot and lack of a fallen building clause, and threw the meeting open for discussion.

There was considerable interest in the apportionment clause of the new extended coverage endorsement. Prior to the legislative changes this year, this clause was not permitted in Iowa, and Mr. O'Connor explained that it requires the insured to add extended coverage to all fire policies covering the same property, or suffer a pro rata reduction in recovery for any extended coverage loss. There was also considerable discussion of "friendly fire," improvements and betterments, property under a contract of sale and mortgage clauses under the new policy.

Executive Committee Names Directors, Votes to Select Technical Committees

DES MOINES—The executive committee of the Iowa Assn. of Insurance Agents at its first meeting following the annual convention renamed five district directors, selected six new directors and left one of the posts unfilled temporarily. New directors are M. M. Thompson, Jr., Forest City; William Whipple, Cedar Rapids; R. A. Brown, Waterloo; W. F. Grandy, Sioux City; J. F. Mulqueen, Council Bluffs, and Paul Baughman, Fort Madison.

The committee voted to establish a system of committees for the Iowa association similar to the National association, particularly those of a technical nature. This action had been recommended to the convention by W. M. Sheldon, National association representative, in an address.

W. C. Brunk, newly elected president, was appointed to represent the association at the national convention. Leon Morse of Council Bluffs, state national director, will be unable to attend.

Ottumwa Agent Aids in Capturing Forger

DES MOINES — William Mac Caughey, Ottumwa local agent, while attending the convention of Iowa Assn. of Insurance Agents here, aided in capturing an alleged forger.

Mr. Mac Caughey is a member of the agency headed by William C. Brunk who was elected president of the Iowa association.

Mr. Mac Caughey had introduced the culprit to an attorney at Ottumwa the day before coming to Des Moines for the convention. At Des Moines Mr. Mac Caughey received a telegram from the president of an Ottumwa bank stating that he held a warrant for the individual's arrest for forgery after writing a check for \$100.

Ten minutes after getting the telegram, Mr. Mac Caughey came face to face with the alleged forger in Fort Des Moines hotel. Mr. Mac Caughey didn't betray what he knew and the forger said he was planning to leave shortly on a bus.

Mr. Mac Caughey trailed the man through Des Moines streets, and on arriving at the bus station, had his man arrested and placed in jail.

New Executive to Be Announced Oct. 1, Starts Work Nov. 1

Brunk Succeeds Jester as President at Des Moines Session

NEW OFFICERS ELECTED

President—William C. Brunk, Ottumwa.

Vice-president—Emil C. Elling, Garner.

Treasurer and acting secretary—John S. Cutter, Shenandoah.

State national director—Leon E. Morse, Council Bluffs.

Executive committee—H. E. Vaughan, Waterloo; George H. Cockburn, Cedar Rapids; Arthur Dinwiddie, Bedford.

By JAMES C. O'CONNOR

Announcement that Iowa Assn. of Insurance Agents has engaged a full-time secretary

climaxed the organization's successful and well-staged meeting at Des Moines last week. The new executive's identity was not revealed, as he is now employed and the executive committee agreed to give him time to make arrangements with his employer. A formal announcement will be made Oct. 1 and the secretary-manager, as he will be officially titled, will take office Nov. 1.

Until then, J. S. Cutter, Shenandoah, who has been part-time secretary for many years, will act as secretary. Mr. Cutter will continue as treasurer. W. C. Brunk, Ottumwa, vice-president, who



W. C. Brunk



P. E. Jester



L. E. Morse

was elected president at the meeting, and who headed the committee charged with selecting the secretary, reported on the situation at the closing session Thursday morning and said that a central office will be set up at Des Moines immediately.

A substantial boost in fire insurance rates, to offset the general inflation of today, is the only real cure for the current capacity problems, Roger Kenney, insurance editor "U. S. Investor," told the convention.

Mr. Kenney took issue strongly with proposals to abolish term rules and other suggestions to alleviate the present conditions. He also criticized insurance commissioners for dodging this problem and being deterred by political considerations from making increases large enough.

Recent rate increases are a joke, Mr.

Kenney said. For example, the much publicized Massachusetts increase will actually bring the fire insurance companies only 2% more revenue and the one in Connecticut only about 1%. Although only a minority of states passed the all-industry rate bills, Mr. Kenney said it was a serious tactical mistake for the insurance business to advocate delegating so much power to the commissioners. Already, he said, the political implications are being felt. In Illinois, for example, the insurance director has reminded insurance interests that the rate bills were passed with the understanding that increases would not be sought.

A special committee was appointed to set up the central office and be ready for the new secretary-manager to take over Nov. 1. It consists of Mr. Jester; B. W. Hopkins, Des Moines, son of the former president, and J. S. Cutter, who will act as secretary until the change is made.

There were seven prospects for the position of secretary-manager interviewed by the executive committee during the meeting Mr. Brunk explained at the final session. In addition to Mr. Brunk, the special committee appointed by President P. E. Jester to canvass candidates consisted of L. E. Morse, Council Bluffs, state national director and past president, and Executive Committeeman H. E. Vaughan, Waterloo.

The new dues schedule to provide for the secretary and central office at Des Moines is .1% of each agency's premiums, exclusive of life insurance.

There was considerable disappointment that H. E. Vaughan, Waterloo, was unable, for personal reasons, to accept the vice-presidency. His father, the late J. R. Vaughan, served two terms as president, beginning in 1926, the only person to do so, since the first president, B. F. Kauffman of Des Moines. Mr. Vaughan remained on the executive committee and the members hope he can eventually be induced to accept higher office.

Mr. Brunk has been a leader in Iowa ranks since he became president of the Ottumwa board in 1940. After committee service, he became regional vice-president in 1943, a position which has since been replaced by the district directors, and vice-president last year. After graduating from University of Iowa in 1928, Mr. Brunk established the William C. Brunk Insurance Agency 15 years ago, which he owns and operates.

Emil C. Elling, Garner, who had been a member of the executive committee, became vice-president and in all probability will succeed Mr. Brunk next year.

Discuss Four Big Issues

Even without this development—which is a realization of the dreams and efforts of Iowa agency leaders for many years—the Des Moines meeting was an outstanding success by any standard. The program was built around the four big matters facing Iowa agents—the new automobile financial responsibility law, new rate laws, new standard fire policy and the problem of getting fire and automobile risks accepted. The large crowd followed the speakers closely and participated in the discussions and everyone was full of praise for President P. E. Jester, Des Moines, one of the youngest agency leaders in the country, for his planning and execution of the program.

The Iowa association now has 388 members, showing another increase this year. The increased dues schedule was

Front Line Underwriting Is Key to Market Easing

R. J. Beech, superintendent of production of American Automobile, put the solution of the automobile market headache squarely up to the agent when he told the members of the Iowa Association that the only corrective action is capable front line underwriting by the agent. He warned the Iowans that they face a particularly aggravated problem because the financial and safety responsibility law goes into effect in their state next month which will undoubtedly see a rise in insured automobiles from about 30% to 75%, similar to the New York state experience.

Explaining in considerable detail the reasons for the market difficulties of

approved and everyone is hopeful the new secretary will bring about a material increase in membership.

In addition to the customary thanks, there were only two resolutions, but they were aimed at exceedingly live problems. One called for elimination of companies doing policywriting for agents and providing housing and other service, while paying full commissions. The other urged adoption of the National Bureau of Casualty Underwriters rating formula, which includes a judgment factor, in compensation rates under the new Iowa rate law. In discussions during the meeting, it was contended that the formula of the National Council on Compensation Insurance has no judgment factor and freezes rates, giving participating carriers a permanent advantage.

The Tuesday preliminaries, which included golf, an executive committee meeting, dinner for the executive committee, past presidents and district directors, attracted a large number of registrants. The meeting room of the Fort Des Moines Hotel was well filled Wednesday morning when the meeting began in earnest and President Jester gave his report.

Reporting on the activities of National Assn. of Insurance Agents, Walter M. Sheldon, Chicago, chairman N.A.I.A. metropolitan agents committee, emphasized that the great need for agents in the coming battle over commissions is to compile and evaluate the facts and figures on agency costs. He explained the services of the new actuarial department of N.A.I.A. and said that the whole commission structure needs overhauling and careful study.

As an example of what N.A.I.A. is doing now, Mr. Sheldon explained the new plate glass graded cost plan in New York. He said originally the premium and commission were to be reduced after the first \$50. After the N.A.I.A. casualty committee entered into the picture, this was raised to \$100. On the amount of premium in excess of \$100, the premium is reduced 25% and the agent's commission goes down to 17½% on that amount.

Mr. Sheldon said that up to now the company organizations have enjoyed an advantage in rate and commission negotiations, which is being corrected by the N.A.I.A. actuarial department. Whenever commissions have been reduced in a graded cost program, the companies have reduced their allowance for administrative expense, but not for inspection and adjustment expense. This will not happen in the future, he said.

today, unearned premium reserve liability and the poor loss ratio, Mr. Beech went on to outline how the agent can explain to his prospective purchaser why he won't write his insurance when he finds that he is not a good risk. He said \$85 million loss suffered overall by stock companies on auto B.I., P.D. and collision should be testimony enough.

He spoke of demands on insurance companies to accept every risk that the producers offer. His answer to this was, "We should never lose sight of the fact that the writing of automobile insurance is under the good old American free enterprise system and if, in the opinion of the company, the risk offered is one that the company does not want—then that company is well within its rights to refuse acceptance."

His comment on the prospective assigned risk plan, ran, "It is not the intent that any such pool be the receptacle for any risk that is not entitled to insurance. The intent is to help only those applicants, whose conduct, both past and present, indicates they were or are, denied insurance for reasons other than those attributed to the absence of proper appreciation of their responsibilities to the state and to their fellow man. It must be realized, that driving an automobile is not a God-given right, it is a privilege created by law and can be revoked if abused."

Too Many Risks Assigned

"In many states today, too many companies are declining too many risks and having them placed under an assigned risk plan; this is not good for the business as a whole and instead those companies should be trying to work out some basis for insuring those risks which are, in good faith, insurable. The flurry following a recent mutual company failure has brought this problem very forcibly to the front."

Mr. Beech commented that part of the problem now on those mutual risks extends from the fact that much of the business had been written at ridiculously low rates and those same risks are attempting to get insurance at comparable cost. Another phase is that a large number of risks of questionable acceptability appeared on the market overnight. Over a period of time, those risks entitled to insurance would undoubtedly have been placed, but with operation permits being revoked on hundreds of them at once, sufficient time could not be had. Consequently there has been a current hue and cry, he said, for compulsion on insurance companies to accept immediately a large volume of long haul trucks, taxis, buses, and other marginal classifications. It should be possible to arrive at a premium that will take care of the hazard, he said.

Mr. Beech told his hearers that they may have gathered from his remarks about unearned premium reserve and high losses that companies as a whole, are resistive to all automobile business, regardless of acceptability. Such is not the case, he said. There have been a few instances where companies have notified their producers that they would accept no new business and such a step was taken only because of absolute necessity. In most instances the loss problem is being solved by selective underwriting by company and agent.

Not only should what is happening today convince the producer that his interest and his company's interest are the same, but it should also show him that he must have the proper distribution of premiums on his books. Actually if an agent's business is exclusively automobile and an unprofitable result is developed, the company is going to examine that agency very carefully and debate the advisability of continued representation. If that agent had a volume of premium in the desirable casualty lines, possibility of a favorable decision

and continued representation would be much better.

In touching again on hard to place business, Mr. Beech commented that a pool plan is being advocated, built around a suggestion that a certain number of insurance companies enter into an arrangement whereby a central office would be set up to accept this borderline business from agents and brokers. The cost of administering the pool would be higher than the straight assignment or direct acceptance method and its higher cost would have to be paid by the insurer. Further, a tremendous amount of money would have to be held by the pool and consequently taken out of the ordinary insurance channel. While subsequent developments may change the picture, Mr. Beech indicated that it now appears that the present method of selection on the merits of the risk, backed up by the availability of an assigned risk plan, should take care of the problem, provided companies attack it in an intelligent way and provided that the assigned risk plans are efficiently administered.

He added: "I believe that the agency forces can hasten the day when risks that are in good faith and entitled to insurance are written by the companies without compulsion by the insurance department or through an assigned risk plan—but it is going to necessitate a new approach. Instead of 'How little premium can I get by with'—it will have to be 'How much premium is needed to handle this risk profitably and to interest a company in carrying this risk?'"

GLIMMER OF HOPE

In connection with the automobile rate future, Mr. Beech said most companies subscribe to a recent report by the National Bureau which showed that had the present rates been in effect since the first of the year and had the same losses occurred, those companies would have lost money in the first six months of 1947. There is a faint glimmer of hope here though, the loss would have been small and if the nation becomes a little more safety conscious there is a fair chance of companies breaking even in 1947.

Too many agents are not getting across the message that the driver of the automobile determines what premium is to be charged, he said. In too many instances, insured are comparing the rates they pay today with those during the gasoline ration period. If this is the case, their thinking must be led into a comparison of the cost today and those before gasoline rationing. When that is done, and the many factors today that push rates up are added, purchaser resistance can be handled with ease, he said.

He said that while it is true that any future rate increase or decrease depends primarily on how successful agents are in getting a real safety message across to insured, developments beyond control of insured, agents, or companies might force up rates. Some people hold that when credit controls are released next month, used car prices will take another jump. Repair costs, both labor and materials, are still going up; the 1948 models are expected to cost more than the similar models now. Equipment in use will be getting older all the time and new car production this year will be well under the original estimate as against the demand of several times that figure. Today, automobiles are used more than ever before and more of them will be on the road, with very few going off. Apparently the new models are going to continue and give emphasis to their expensive styling trend.

His final caution was in connection with the financial responsibility deadline. For the next few months the Iowa agents will be able to write a large volume of business without solicitation in the true sense of the word, without seeing purchasers or seeing their car, he said. He warned against issuing a policy on this basis until the agent is

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sure the person is not a killer-driver, drunken driver or the reckless type. "The new Iowa law is going to make insurance available on thousands of good risks and hundreds of bad ones. It is going to be up to you to underwrite that business as you solicit it," he concluded.

In the question period following Mr. Beech's talk, W. M. Sheldon, Chicago, also a convention speaker, said that it appeared that, at least in New York and Illinois, assigned risk writings had been profitable, at increased rates. He asked how reduced commissions on assigned

risks could be justified, in view of this. Mr. Beech said that, if this were the case, in his opinion the insurance companies were primarily at fault for forcing so many risks into assigned risk plans. As for commissions, he said that an assigned risk plan smacks too much of government controlled insurance to be encouraged for anyone, producer, company or insured. It should be used only in true emergency cases and, in his opinion, any situation such as Mr. Sheldon described should be corrected by a change in underwriting policies, not by increasing the profit to anyone.

Gleanings from Hawkeye Gathering

Hartford Accident was represented by J. W. Reitze, assistant western department manager, and Charles Dubach, production manager, from Chicago.

Arthur Brayton, convention secretary Des Moines Chamber of Commerce, who greeted the meeting, was remembered as banquet speaker at Cedar Rapids last year.

L. J. Feeney, secretary, and J. W. Guy, general agent, were on hand from the western department of **America Fore** group.

P. J. Payseur, state agent Phoenix of Hartford, won the low gross golf prize. About 35 took part in the Tuesday competition at Des Moines Golf & Country Club.

J. H. Belden, St. Louis manager, and **A. W. Callahan**, special agent, maintained headquarters for **Fidelity & Casualty**.

E. A. Luther, resident vice-president at St. Louis, was on hand for **National Surety**, along with **H. L. Dalton**, Des Moines manager.

What Is Value of Equity in Premium Reserve If Any?

NEW YORK — The company's "equity" in unearned premium reserves has come in for extensive discussion since the market has grown so tight. Whether any "equity" actually exists in these reserves so that a formula that might produce in the annual statement an asset that would increase the company's capacity to write business is debatable. However, some weight undoubtedly will be given to this factor when the commissioners' committee on underwriting profit formula sets about revising that formula after hearings that are expected to be held within the next month at the New York state insurance department.

Thus the subject is not altogether academic. Practical insurance men tend toward the view that any equity would depend so directly upon the circumstances and condition of the individual company that any formula which would permit a company to show such an equity in its assets would be useless and might even be dangerous.

Will Business Produce Profit?

One question seems to be fundamental — Is the business that is going on to the company's books likely to produce a profit? Several things enter into any answer to this question—whether commissions are excess, the business might be profitable today and unprofitable tomorrow as has happened in the case of automobile, and so on.

Even if the management of the company is sound and its policies are conservative, because of changed conditions the new premiums on the company's books at any particular time could turn out to be unprofitable, and no "equity" could reasonably be expected from those premiums. If there are some serious errors in judgment on the part of management, or if its policies are unsuited to the particular conditions of the business in any one period of time, then where is the equity?

The most frequently suggested basis for figuring that the companies have an equity in premium reserves is the amount that the company could earn by reinsuring its entire portfolio of business—providing, of course, that it could find a reinsurer, which is unlikely at the present time. The commission on such business is said to run around 40%, but this would be paid by almost any company only if the business were good and the company had been well managed. There is no hard and fixed rule.

and each situation would have to stand on its own feet.

Another method of arriving at a figure is to determine what profit the company would have from its business if it were to write no more but allow all that is on the books to run off. Conditions at the time, the particular business on the company's books, and some other factors would govern what the business would bring.

It is not regarded as practical to take credit in the annual statement for the equity in reserves. To do so would create a very serious federal tax problem. The Internal Revenue Bureau would be likely to consider such assets as a realization of profits, and tax them accordingly. Some observers prefer to think that the insurers always have an equity in the reserves as a hidden asset to protect them against unforeseen contingencies.

Several ideas have been used to effect reinsurance during the present critical shortage of capacity in such a way as to give originating companies some relief, and of course these deals in a sense reflect what practical insurance men think about the equity in the premiums on the books of the company with which they are dealing. But these arrangements are with the companies for which the reinsurer has the utmost respect and consideration and involve only a small portion of the originating company's total premiums. They help to provide relief, but they are no certain guide to the broader question of how much companies might be allowed to take in the way of assets for expected profits from new business.

Reserve Squeeze Is Problem

It is questionable whether any insurers would care particularly to set up such an equity as an asset if it were not for the reserve squeeze. This is something of a temporary problem, everyone agrees. Consequently, the objections to taking the equity seem to outweigh the temporary benefit the companies might enjoy.

There has been some talk about the fact that companies would not need to capitalize the equity in reserves if insurance commissioners would simply recognize that the equity is an added element of strength. The reserve is an illustration of how a liability may sometimes be an asset. Some companies are attempting to relieve the pinch on surplus by writing short-term policies, which reduces the amount of required

reserve. This also reduces the amount of the hidden asset which is always present under normal operations.

One solution to the present problem, which is admittedly critical for many companies, is for insurance commissioners to change their attitude with respect to how much in premiums a company can write. It is doubtful if any state law provides its insurance department head with the authority to say that a company cannot write any more than a certain limited amount of business. Some commissioners have undertaken to express the limit in terms of a multiple of the policyholders surplus. Others have set up a standard that there should be a certain maximum ratio between the unearned premium reserve and the policyholders surplus.

Why Volume Is Limited

Company executives are sensitive to criticism from insurance departments and so-called insurance analysts. It is under this kind of pressure that many companies have limited their volume below the amount which they could comfortably and safely handle.

There is some evidence that the underwriting loss of a number of the casualty companies in the first six months is purely technical and not of a nature to affect solvency or writing ability, one observer points out. Most of the companies that reported their first six months figures could write a larger volume of premiums than they are now doing, he said.

It is considered inconsistent by some that at present when there is a critical shortage of facilities in the insurance market, commissioners are calling for assigned risk pools. The general effect of this is to force companies to write undesirable business. Undoubtedly there are automobile operators who should be deprived of the right to drive.

Milwaukee Home Office Sold

MILWAUKEE—Milwaukee Mechanics has sold the Loyalty building here to a real estate investment firm. The home offices of Milwaukee Mechanics and Concordia are located in the build-

ing which has an assessed valuation of about \$300,000, and will continue to occupy considerable space in the building under long term leases. Executive offices for some years have been located in Newark.

Full Statement of North America on Term Policies

The full statement of John A. Die-mand, president of North America, on term policies reads:

"It has been suggested that the practice of writing fire insurance policies for a term of more than one year be stopped, to relieve the pressure on unearned premium reserves.

"In our opinion, the principle of writing fire insurance policies for a term of years is a sound and economical method of underwriting, and should not be destroyed.

"Over 50% of current fire insurance premiums are derived from policies written for a term. Obviously, an abrupt cessation of this practice would eliminate a public demand and, also, would create a serious and unwarranted disturbance in agency and company operations.

"What is needed is a downward adjustment of the credits now allowed on term fire insurance policies. We advocate such a move because, in the light of current conditions, the credits appear to us to be unrealistic, unsound and possibly even unfair."

E. St. Louis Bureau Meets

EAST ST. LOUIS—The East St. Louis Insurance Bureau will meet Sept. 22 and hear reports from those who attended the convention of the Illinois Assn. of Insurance Agents at Springfield, Sept. 15-16. Personnel of the team that will compete with representatives of the Insurance Board of St. Louis Oct. 26 in "The Quiz of Two Cities," a radio program aired by radio station KMOX, St. Louis outlet for CBS, will be announced.

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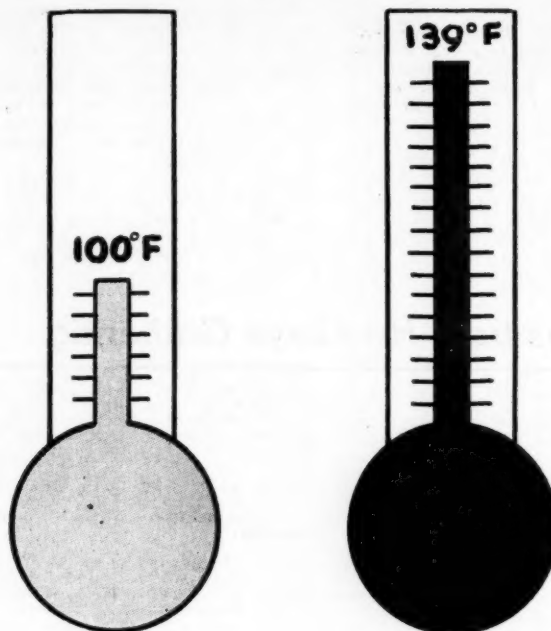
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"Plan D" Proposal Is Outlined by Haugh at Richmond

Optional Interstate High-Low Scheme for All Third Party Lines

RICHMOND—Charles J. Haugh, secretary of Travelers Indemnity, in a paper on "Casualty Insurance Rating Plans" presented at the conference here of state rating specialists, disclosed some of the particulars regarding so-called retrospective rating plan D that has been developed by National Council on Compensation Insurance, and that will be filed in all states for those lines of third party liability insurance that are subject to statutory regulation, and for which action in concert is permitted.

Plan D, he explained, is an optional interstate retrospective plan for rating all third party liability lines, including compensation on an overall basis.

Maximum and minimum ratios are not rigidly fixed, but may be selected by the assured and the insurer to fit the requirements of each risk with the proper charge for selected values being provided for in each case.

Retain Separate Identity

Despite the fact that it is an overall plan, each line of insurance retains its separate identity and its loss and expense provisions are not affected by other lines. The insurance charge for losses over the maximum and the credit for expected savings on the minimum are based upon the total risk size, but all other items are the same for each line as if that line were written separately. Workmen's compensation will not be disturbed by combination with the other newly regulated lines of coverage.

Mr. Haugh, at the outset, said that in the absence of rate regulation the wide variations among risks of the same general classification was taken care of by direct negotiation on an individual risk basis. Variations in expense costs and loss hazards could be freely reflected in the rate for each risk.

Under a system of rate regulation, unless provision is made for adjusting average rates to fit the requirements of the individual risk, there will be a tendency for risks for which the rates are too high to become self-insured, to seek non-admitted insurance, or to band together to form their own insurers. Also, risks for which the rates are too low, if they do not become assigned risks, may be written in numbers "by some carrier whose misguided optimism may have serious consequences."

Mr. Haugh gave an explanation of experience, schedule and retrospective rating.

Scientific Guesses

Experience and schedule rating, he said, "are scientific guesses which base the rate for the future upon the losses of previous years and the existence of physical conditions which may be expected to affect the hazard of loss." Retrospective rating goes farther than this, he declared, and by adjusting the prospective rate in accordance with the actual losses incurred, comes as close as possible to actual conditions.

The plan would be greatly improved if the interstate feature were to become available in all jurisdictions, he said. Intra-state rating is also a handicap in experience rating, he said. This places an artificial burden upon the successful

Improve Fidelity Manual Setup, Slash Rates

By ROBERT F. STEINKE

The complete revision of the fidelity portion of the Towner Rating Bureau bond manual, which was released this week, is hailed by bond experts as a highly progressive step. The change is effective Sept. 15, and among many welcome additions are simple explanations of purposes and practices as well as substantial rate reductions for certain kinds of risks.

What used to be two separate sections in the manual, a yellow colored portion for individual and schedule bonds, and a salmon colored section for blanket bonds has been incorporated into 102 yellow pages. These page changes do not affect the bankers and brokers blanket bonds section.

Worthwhile Rate Reductions

Of particular importance to underwriters and large bond producing offices is a large number of substantial rate reductions for various types of risks. For example, individual bonds now receive the benefit of the schedule rate and the requirement of six or more employees for eligibility for the volume rate has been abolished. Where once there were rates ranging from \$5 to \$10 per thousand, now all unclassified individual and schedule bonds start at \$5 per thousand with reduced annual minimums and earned minimums on bonds of \$10,000 or more.

The chain store employee rate has been reduced 20%. Baseball leagues and similar organizations are now classified and treated as boards of trade, etc., and the rates on the officers are reduced 50%, on employees from 20 to 37½%.

Important reductions in the blanket fidelity bond section include the elimination of the 10% surcharge on automobile dealers, the 100% surcharge on baseball leagues, and the establishment of a new 10% discount off the latter rates. Cotton factors surcharge is reduced 10%; packing house surcharge reduced from 150% to only 50%.

The option of considering special class "A" employees as regular class "A's" up to the first 25 of both types of employees is now applicable to blanket position bond forms. Heretofore this was confined to primary commercial forms.

The fiscal agents' rate has been reduced 25% and the 100% surcharge for reciprocals is down to 50%. The sewing machine companies 50% surcharge has been eliminated. Where

operation of the plan. Both assured and insurer consider the risk as a whole, and more proper and satisfactory rates are produced by rating the risk in the same way. The new legal conception of insurance as interstate commerce gives added emphasis to the need for this change in the rating procedure, he declared.

Weigh Total Cost

In leading up to his announcement as to plan D, Mr. Haugh said that for assured and insurer, the important question is whether or not the total cost for third party liability insurance properly reflects the hazards of the risks own operations. Prior to introduction of rate regulation for lines other than compensation, the actual rating of a large number of risks was done on an overall basis by most insurers. A retrospective plan was drawn for all third party liability lines which, as closely as possible, fitted the needs for the risk. The regular tariff rates were charged for the regulated lines and the charge for the unregulated lines was a balance-

(CONTINUED ON PAGE 37)

formerly 100% surcharge of the rates was made on theaters or theatrical company risks, it is now 50%.

The minimum blanket bond premium after credit has been applied for any underlying fidelity coverage is now only \$150. Permissible deductible amount on the primary commercial blanket bond is now \$10,000. Rates for the excess commercial blanket bond and selective excess commercial blanket bonds have been removed from the manual and are subject to rating by the bureau. For the first time rates for the insurance companies' blanket bond form No. 25 appear in the manual.

Other changes applicable to the individual or schedule fidelity bond include reduction in rates for consignee, brokers, sales agents. The rate on the first \$50,000 has been reduced 16⅔% and schedules of \$250,000 are now subject to experience rating. Cotton factors rates are reduced 20%. Rates applicable to fiscal agents or financial correspondents of insurance companies, etc., are based on a volume rate up to \$1 million, with a 20% reduction in rate. Those from \$1 million to \$2 million are reduced 22%. There are additional reductions for higher amounts. Similar reductions are applicable to many other types of classified risks and should result in substantial savings to the insured. Pro rata refunds are effective, Sept. 15, the date of the manual revision and may be made at once or on the anniversary date of the coverage.

Simplification of Setup

The newly simplified setup includes a helpful index in greater detail, an outline of rating procedures and rates without the confusing cross-references to other portions of the manual, and the elimination of as many cumbersome instructions as streamlining would permit.

Basic rate table for unclassified lines, including that portion of classified lines on which the old unclassified rates applied, are now shown. In addition to these basic rate tables there are now seven classified rate tables. They follow the description of the bonds and rules applying, and precede the alphabetical listing of classified lines which shows rates, discounts, surcharges, minimums and earned minimums. Rates are shown per thousand instead of a per hundred rate.

Codes Now Shown

In addition, codes for statistical purposes are shown on the pages opposite these classifications. Where no classification is shown, the general code on a basic rate page is applicable. Various permissive riders are now specifically referred to in the listing of classified lines. Several features of the new manual that appeal to the less expert and occasional handlers of fidelity lines include a description of the scope of coverages, forms usable and types of bonds. For example, there is a paragraph explaining that bond coverage is continuous. There is another that outlines there is a time limit for discovering and reporting a loss. Still another indicates there is continuity of coverage under successive bonds. Premium computation procedure is also outlined.

One of the features that brought sighs of relief to the experts was the inclusion of all applicable discounts heretofore authorized so that now the rates shown in the manual are the net rates subject only to any experience credit that may be applicable.

The only states which have not yet approved this filing are Louisiana, Texas, North Carolina, Virginia, Alabama, Mississippi, New Jersey.

Mass. Blue Cross Running in "Red" \$2 Million a Year

"Guesswork" Rates, Mismanagement and Overpromises Admitted

BOSTON—Frank admission that the rates of the Blue Cross in Massachusetts had been made by "guesswork," that mismanagement, inefficiency and overpromises had marked its development the past 10 years, and that under the present rates the organization would run behind \$2 million annually, were made by George Putnam, president of Massachusetts Hospital Service (Blue Cross) before the insurance committee of the Massachusetts legislature, sitting as a recess commission to study new insurance laws. President Putnam said: "We have taken a long time to find some things out."

Recent controversy between hospitals and the Blue Cross over the per diem amount the Blue Cross should pay the hospitals, combined with the fact that the Massachusetts department is now conducting its triennial examination of Blue Cross, have combined to throw the situation into the limelight.

Spiralling costs of hospital operations have led the hospitals, 154 of which are connected with Massachusetts Blue Cross, to insist on more than the \$9 a day now allowed for Blue Cross subscribers. Several hospital executives testified along that line.

Dr. G. C. Fleck, assistant director of Osteopathic Hospital, declared Blue Cross is merely a jobbing agency for the hospitals, that Blue Cross, bally-hooing wholesale service on the instalment plan, is offering too much for too little and asking the hospitals to underwrite its overpromises.

"Virtual Monopoly," Harrington Says

Commissioner Harrington declared Blue Cross has a virtual monopoly, that the law governing it is inadequate, with no penalties. It has not complied with the laws governing it, as evidenced by the testimony. He believed Blue Cross should be treated as an insurance company, with reserves set up and subject to similar laws as govern insurance companies. Blue Cross was \$38,000 in the red in 1939 but is not now insolvent. However, if it continues in the way it is going now, it can not long exist.

The rates to be paid hospitals, under the statute, were to be determined by the superintendent of public welfare, but it was brought out that the board, because of no facilities for such work, had made no such reviews. It is the duty of the commissioner to see that rates to subscribers are "in the public interest," but he has never been furnished with sufficient statistical data to make more than cursory review, and no matter what the decision, there are no penalties in the law and Blue Cross can do much as it desires until it reaches the point of insolvency, when the commissioner might step in.

New and higher rates were allowed by the commissioner last June, and a new comprehensive policy issued, calling for increased benefits. However, owing to rising costs, it was immediately found that the Blue Cross was promising more than it could afford. The request for a lower payment to hospitals followed. In the interim Blue Cross announced it was deducting 10% from

(CONTINUED ON PAGE 37)

Inroads of Crosser Benefits on Private Cover Negligible

Since Effective Date
Less Than 2%
Has Cancelled

The effects of the unemployment accident and sickness provisions of the Crosser bill upon the railroad insurance business have been negligible since they became operative on July 1.

Experience of all the companies writing this business has been the same and perhaps the most positive reflection of the Crosser benefits has been to raise the number of requests for cancellation about 2% above normal since July 1. In many of these cases, insurance agents have been able to dissuade the railroad employee from intention to cancel. Most of those who have cancelled have been located in remote spots beyond the reach of the agent. There has been a slight decrease in first year business.

The experience to date has delighted the railroad department people, because even the most optimistic of them were prepared for a 10% loss in railroad business and many others for a 50% decrease or more. So far the loss has apparently not been more than 2%. In some respects, the most critical period is over, that is, the period of initial misinformation on the part of the railroad employee as to the extent of Crosser benefits.

Railroad department people are in an optimistic, almost jubilant mood. Their agents have found that the Crosser benefits have had the same effect that the similarly feared social security has had upon the sale of life insurance. The inadequacy of the government benefits has proved the selling point for supplementing them with commercial cover. Agents anticipate selling many who have not previously been on the books. Railroad insurance people now see the Crosser bill benefits as dangerous chiefly in principle rather than for any tangible inroads upon private insurance. They see it as setting a dangerous precedent for further projection of government into the insurance business, but are no longer worried about competition from the present scale of benefits.

Workers Good Insurance Prospects

Principal reason for the retention of railroad accident and health coverage by employees has been the obvious fact that the Crosser unemployment accident and sickness payments are too small for railroad workers, a good number of whom are people of substantial obligations. Railroad people make good prospects. Many of them are the type who entered the business because they value the security offered by railroads. They live modestly and have plenty of money to pay insurance premiums. They draw good wages. It is no trick for the insurance company salesman to convince the small number who consider cancellation that such a move would be unwise.

Another contributing factor to the continued popularity of the company coverage is that the government has proved strict about claim procedure. This is in contrast to the quick claim payments made by the insurance companies.

So far it has not been reflected, but railroad department men expect some rise in claims due to the fact that the combination of the Crosser benefits with the company may add impetus to malingering.

The four large railroads which extend no franchises to insurance companies

Independents to Set Up New Services in Mid-West

Formation of a statistical service which will serve independent insurance companies as a clearing house in the compilation and filing of casualty statistics with various midwestern insurance departments will be completed at an organization meeting to be held at 1:30 p.m., Thursday, Oct. 2, at Congress Hotel, Chicago. An invitation to attend the meeting has been extended to all independent casualty companies.

The service will operate as Midwestern Independent Statistical Service.

Organization of a rating bureau for independent casualty insurers operating in Illinois will be completed at a meeting of company representatives to be held at 1:30 p.m., Oct. 3, at the Congress Hotel. The organization will operate as Illinois Bureau of Casualty Insurers.

According to the announcement, the bureau is to serve as a medium through which independent companies can file their rules, rating schedules and rates as required under the new Illinois casualty rating law. An invitation to attend the organization meeting has been extended to all independent casualty companies writing in Illinois.

As provided under the new rating law, application will be made immediately with the Illinois department for a license.

and operated their own employee benefit systems have had experience similar to that of the insurance companies.

Private insurance has held the line without the help of any new coverage features to attract the employees that it was originally felt they would have to offer. All of the companies have been sticking by the old basic policies providing first day cover for sickness and both on and off the job accidents with a principal sum ranging from \$1,000 to \$5,000.

A commentary upon the situation is the case of one company, for example, which changed the title of its railroad department to the railroad and industrial department, preparing to suffer a considerable loss of railroad business and to transfer the activities of many of its employees to soliciting and servicing similar accident and health coverage upon other than railroad employees. They were doing this to keep their department intact, despite the fact that such A. & H. would be, in a way, competing with the offerings of their other departments. The department has done nothing in the non-railroad direction, because it has been happily just as busy with the railroad business as ever.

Repeal Fight Not Resented

Railroad labor officials, through their various publications, have levelled considerable invective at the insurance companies which have financed the fight for Crosser bill repeal. Insurance people close to the situation feel that these tirades have made little impression upon the rank and file employees. They say that the whole Crosser bill was a creature of the labor leaders with little or no consultation with union members. Dissatisfaction is so rife among the railroad workers that there is said to be a semi-organized minority who are pushing the repeal of the Crosser bill.

All this is not to say that the railroad insurance men are not anxious for the success of the Crosser repeal. They resent the bill as unwarranted government intrusion into insurance field and maintain that the program is actuarially unsound and may jeopardize railroad retirement unemployment funds. They regard it as discrimination in favor of one segment of American workers as against all others.

A. B. Schmitz Agency, Inc., has been incorporated in Kenosha, Wis., by A. B. Schmitz, H. F. Schmitz and C. A. Juliani.

Salute Fetzter on Completion of 50 Insurance Years

Wade Fetzter, chairman of W. A. Alexander & Co., Chicago, who for many years has been a towering insurance figure, particularly in the casualty field, is completing 50 insurance years Sept. 29 and that evening he will be saluted at a banquet that will be confined to the members of his own organization and the chief executives of the companies in the



Wade Fetzter

agency. Wade Fetzter, Jr., president of the agency, will preside.

There will be three main spokesmen on that occasion from the company ranks, they being F. A. Christensen, president of the America Fore group, Col. F. D. Layton, president of National Fire, and John A. Stevenson, president of Penn Mutual Life.

When Mr. Fetzter went with Alexander & Co. as cashier, the office operated exclusively for Fidelity & Casualty in seven or eight states. This, of course, is an America Fore company, and Mr. Christensen's appearance is highly significant. Later, at the instance of Mr. Fetzter, W. A. Alexander & Co., entered the fire insurance arena and its first company was National Fire. Still later Mr. Fetzter appreciated the opportunities for becoming completely multiple line and a general agency was secured for Penn Mutual Life.

The principal executives of the other companies represented in the agency will also attend.

Mr. Fetzter's Career

Mr. Fetzter was born at Ottumwa, Ia., in 1879 and he started with W. A. Alexander & Co. as a clerk in the cashier's department in 1897. He later became a solicitor. At that time the principal interest of the agency was in accident and health insurance, and Mr. Fetzter became a foremost A. & H. producer. It was said that he and Clyde J. McCary, who was manager at Chicago for Penn Mutual Life, had the largest volume of business in this category of any men in the city. However, Mr. Fetzter was continually searching for new avenues to develop and he became a highly effective salesman of the various liability lines. He became a junior partner of the agency in 1904, managing partner in 1906 and in 1927, when the agency was incorporated, he became president. He later was named as chairman when Wade Fetzter, Jr., ascended to the presidency.

Became President of F. & C.

Mr. Fetzter, in 1930, was elected president of Fidelity & Casualty and at the same time continued to be the chief executive officer of the Chicago agency. However, this pace and the division of attention that it entailed became too trying and Mr. Fetzter gave up the chief executive duties at F. & C. He is a director of that company.

Mr. Fetzter's forceful personality and capacity for leadership have been responsible for promoting one of the mightiest insurance production offices in the land. He is a man of keen imagination and he has always translated his conceptions into action. It was he who suggested the organization of National Assn. of Casualty & Surety Agents, and in 1913 he became its first president. He was also the first president of Insurance Federation of America, and acted as president of the old Casualty Information Clearing House of Chicago 1927-28.

Broker's Estate Loses Issue in Tax Court

WASHINGTON—Receipt of a share of insurance commissions by the estate of Thomas F. Remington, New York broker, has been held by the Tax Court to represent proceeds of the late Mr. Remington's personal services during his lifetime or agreements not to compete. As such, the receipts are held taxable as ordinary income. The receipts were pursuant to a contract with a general brokerage firm providing for such payments on business written for decedent's former clients.

The estate, of which Elizabeth M. Remington is executrix, challenged an alleged deficiency of \$375 in income tax for the period Nov. 10, 1941, to Sept. 30, 1942, and claimed overpayment of \$360.

Statler Hotel Account

Mr. Remington was connected with Brown-Crosby & Co., and later with Fish & Marvin, New York. The tax court found decedent secured the Statler Hotels account for Brown-Crosby and that Henry P. Marshall, president of Brown-Crosby, promised to pay Remington half the net brokerage commissions received from Statler while the firm continued to handle the business and to the Remington estate for six years after death. The executrix wrote Brown-Crosby offering to sell all decedent's accounts, including Statler, for one-half the commissions received for each account until Dec. 31, 1947. Remington's records were turned over to Brown-Crosby. The court found Brown-Crosby paid the estate to Dec. 31, last, \$29,840 on Statler account and \$3,038 on other accounts.

The petitioner estate treated certain commissions received on Statler account renewals as capital gains on sale of a capital asset and reported half their amount, but did not report renewals from non-Statler accounts. The internal revenue commissioner held both sums were gross income. Mrs. Remington reported Brown-Crosby agreed to handle all other brokerage accounts she could direct to them for six years, paying half the broker's commissions. She decided not to become a broker herself and the estate could not act in that capacity under New York law.

The court held there was no capital asset to be disposed of and refused to sustain Mrs. Remington's position that the receipts were exempt as property received by devise or inheritance. The Brown-Crosby letter was held looking to division of income. Mrs. Remington used the terms "purchase" and "sale" in her proposition to Brown-Crosby, as to which the court said it was not called upon to decide "whether this is satisfactory to meet the asserted restriction of New York law relating to the splitting of commissions with parties not holding brokerage licenses."

New Actuarial Fellows

Casualty Actuarial Society announces that the following will be admitted as fellows at the November annual meeting: Edward S. Allen, Loring M. Barker, M. S. Hughey, Matthew Rodermond, Norman Rosenberg, John H. Rowell, Ruth Salzmann, D. R. Unthoff, John W. Wieder, Jr.

The following will be admitted as associates: John W. Clarke, James B. Gardiner, H. J. George, Stanley W. Gingery, Robert W. Lufkin, George C. Munterich, Robert C. Perry, Max J. Schwartz, Paul A. Turner, Elia Vergano, Richard J. Wolfrum.

New St. Louis Company

Security Life & Accident of St. Louis has been incorporated with \$25,000 authorized capital.

Incorporators are H. M. Fields, J. J. Green, J. T. Hubbard, F. A. Jones, E. N. Fields and D. L. Fields.

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ACCIDENT AND HEALTH

Ont. A. & H. Men Organize; to Affiliate with National

In the first meeting of its kind in Canada, more than 100 accident and health men in the province of Ontario gathered at Toronto to organize an association to be affiliated with the National Assn. of Accident & Health Underwriters. Great enthusiasm for cooperative effort in meeting the many common problems of the industry in Canada and the United States was shown.

Speakers included G. H. Knight, president, and O. J. Breidenbaugh, executive secretary of the National Association; Russell T. Kelley, minister of health of Ontario; Fred Spencer, registrar of the Ontario department, and Deputy Superintendent Armstrong of Ontario.

Charles E. Rea, president of Community Associates, Toronto, was named president; O. B. MacMillan, general agent Mutual Benefit Health & Accident, Hamilton, Ont., 1st vice-president; Charles Gauvreau, general agent Canada Health & Accident, Toronto, who served as temporary chairman of the meeting, 2nd vice-president, and Allen R. Cosburn of Community Associates, secretary.

The organization was started with 87 signed members. It is expected that more than 150 will be listed as charter members before the next meeting, when a constitution will be adopted.

A. & H. Men Have Display

The Wichita Assn. of Accident & Health Underwriters had an elaborate booth and display during the Wichita Chisholm Trail Jubilee, under the direction of Virgil McVicker, Washington National, past president, and Claude Jackson, Interstate Business Men's Accident. Placards listed the individual members of the association and companies represented. Members of the association were on hand during the week to pass out literature and answer inquiries. The first fall meeting will be held Sept. 22.

A. & H. Association Moves

Due to the concentration of additional work in the office of Executive Secretary O. J. Breidenbaugh, headquarters of the National Assn. of A. & H. Underwriters has been moved to larger quarters at 220 Chamber of Commerce building, Indianapolis.

Martin Supt. of Agencies

George A. Martin, Jr., who has had a number of years' experience as agency manager and general agent, has been appointed superintendent of agencies of American Hospital & Life.

Mr. Martin and Stanley W. Cole, assistant agency director, conducted the company's first home office training school, with representatives from all of its agencies in attendance.

Inter-Ocean Honors Alpaugh

Inter-Ocean agents in 23 states are "Casting for Apps for Alpaugh" in September, the annual birthday campaign in honor of President W. G. Alpaugh.

Early results indicate that the industrial department is on the way to a record month, and scattered returns from the larger monthly and commercial agencies show an increase over last September. To date Inter-Ocean shows a substantial increase in premium income for the year.

President Alpaugh, who is celebrating his 35th anniversary with the company, has been primarily concerned with agency work since his first connection with Inter-Ocean in 1912. He was elected president in 1946 and has continued as director of agencies. The company, which had written only disability and allied coverages, recently en-

tered the life field. Life policies are being offered through weekly premium offices but it will be a few weeks yet before the first ordinary forms are placed on the market.

Merrifield Speaks in Roanoke

ROANOKE, VA. — Everett J. Merrifield, Worcester, Mass., field representative for Massachusetts Protective, spoke at a meeting of its agents in the

Roanoke district. S. L. Neas of this city, general agent, was in charge.

Educators Changes Title

The name of Educators—A Mutual Accident & Health Assn. has been changed to Educators Mutual Insurance Co. The company has been admitted to Florida and will soon commence business there.

Gregory K. C. Speaker

E. F. Gregory, Business Men's Assurance, Denver, first vice-president of

the National Assn. of Accident & Health Underwriters, was the speaker at the first fall meeting of the Kansas City association Friday.

Cover 12,000 Fur Workers

NEW YORK—Coverage of 12,000 workers in the fur industry with an A.&H. and surgical benefits program was arranged last week through Travelers and Associated Hospital Service. Costs will be paid by the employers.

The group contract involving more than \$250,000 in first year premiums was placed by William F. Ellwood Asso-



Merchandise Mart, world's largest office building, as seen from across the Chicago River.

TIRELESS—"With strength that draws from her tireless soil"—Illinois floats on a sea of coal and ranks high in farm, oil and mineral production. Industrially, Illinois' plants make nearly every conceivable article. Its meat-packing operations, largest in the United States, are famous throughout the world. Chicago is America's second city in size and in volume of trade and manufacture.

In giving security to the diversified industries of this great state, we are continuously "Serving the Leaders."

UNITED STATES GUARANTEE COMPANY

NEW YORK CITY

FIDELITY

SURETY

CASUALTY

AVIATION INSURANCE THROUGH ASSOCIATED AVIATION UNDERWRITERS

ciates of New York. Daniel P. Tozier heads the Travelers group department here.

COMPANIES

Suburban Casualty Turns Corner This Year

The Illinois department has released the report of an examination of Suburban Casualty of Wheaton as of April 30, showing assets of \$1,025,200, capital \$200,000 and net surplus \$83,935.

The examiners state that the cash position is well maintained and the assets appear to be well diversified. Premium writings have increased in considerable volume and policy obligations have been discharged in accordance with contractual provisions.

The examiners state that Suburban Casualty has enjoyed profitable operations and a considerable improvement in loss ratio developments in the first four months of 1947 due to savings effected on year end reserves, increased premium earnings from a reduced number of policies in force and a reduction in accident frequency due to less risk exposure.

Suburban Casualty controls Pioneer Fire. President is E. F. Deicke. There

are 417 local agency representatives. For 1946 there was a loss from underwriting of \$237,681 and a decrease in surplus of \$197,899, but for the first four months of this year there was a gain from underwriting of \$77,305 and an increase in surplus of \$27,946.

Premiums earned for the first four months were \$271,520, losses incurred \$60,231, adjustment expenses incurred \$20,472, underwriting expenses \$113,511.

Bituminous Assets, Surplus, Premiums Up at June 30

Bituminous Casualty in its mid-year statement shows assets of \$18,519,961, an increase of \$1,447,621 since Dec. 31.

Policyholders' surplus has been increased from \$2,763,511 to \$2,940,394.

Net premiums written for the first six months were \$6,343,127, a 30.8% increase.

Premium reserve was \$4,323,385, an increase of \$492,460. There was a net underwriting profit of \$341,900.

Bituminous F. & M. assets were \$500,620, an increase of \$45,601. There was an underwriting loss of \$42,218.

Drop Plans for New Firm

Plans for formation of La Salle Casualty at Chicago have been abandoned, and the articles of incorporation have

been voluntarily surrendered. It was being formed by interests associated with La Salle Mutual Casualty.

Bankers' Life & Casualty has been licensed in Virginia.

CHANGES

J. F. Barron Is Promoted

James F. Barron has been appointed manager of the indemnity and automobile operations of Fireman's Fund metropolitan division at San Francisco. He succeeds Bal Robertson who has resigned to become associated with Spillman-Callister Co., Sacramento.

Mr. Barron in 1930 went with Fireman's Fund as a mail clerk. A year later he was transferred to the automobile department and in 1935 he entered the indemnity department. In 1940, he was assigned to Sacramento and the valley field.

In 1942 Mr. Barron returned to San Francisco as senior casualty underwriter, and one year later was made assistant manager of the head office metropolitan division. A year ago he was appointed assistant chief underwriter for Pacific Coast indemnity operations.

He is a graduate of University of San Francisco.

Benton A. Sifford, Jr., who formerly shared the direction of casualty operations with Mr. Barron, now assumes all of the duties of assistant chief underwriter.

He graduated from University of California in 1936 and joined Fireman's Fund. He served in the army as a captain.

Schmock Houston Head

Rudolph Schmock has been named manager of the Houston claim department for Standard of Detroit group. He has had 10 years of claim experience.

Marion B. Irland has been named claims representative at Kansas City. He was in private law practice.

Mercer Joins Lyle

W. L. Mercer has joined the staff of Lyle Adjustment Co. at Phoenix. He is a graduate of University of Arizona at Tucson and has been in the adjusting business for the past 10 years. During part of that time he was claims manager for both Employers Liability and for Hartford Accident at Phoenix.

Oregon Agents Survey B. I. Insurance Cost

The Oregon Assn. of Insurance Agents has prepared an interesting survey of automobile bodily injury costs, reflecting a lower B.I. rate in 1947 than in 1939. The survey shows that while auto insurance rates have actually declined in the B.I. category, the cost of other commodities and services has risen sharply. Designed to give the agent ammunition in meeting the incorrect assumption that rates are higher, the survey makes the following interesting disclosures:

Bodily injury rates for Portland territory have decreased 32% since 1939. Territory 5 auto B.I. rates have dropped 3½%. Property damage rates in Portland and in territory 5 have increased 3½% since 1939. The overall result is an actual decline for the combined B.I. and P.D. policy.

With respect to commercial vehicles, 1947 rates are 3% lower for B.I. in the Portland territory and the same for territory 5. P.D. rates for commercial vehicles in Portland are up 5½% since 1939 and 6½% for territory 5.

Contrasted with other services and commodities, the survey lists the following increases since 1939: Building costs 108%; food 94%; clothing 84%; fuel 46%; house furnishings 81%; miscellaneous 38%; farm products 372%; industrial raw materials 268%; wheat 230%; raw sugar 200%; cotton 275%.

Insurers Concerned with Attitude on Safety of Hotels

The wisdom of securing full value for the insurance dollar by active participation in the safety program of the insurance carrier was emphasized in his talk before the Louisiana Hotel Assn. in New Orleans by Edward J. Uhler, agency department, Fidelity & Casualty.

Because of the publicity focused on the hotel business by the recent tragedies in that field, no business is in greater need of sage advice regarding safety and its relationship to the public, Mr. Uhler said. The loss of lives and the injuries to others are regrettable, but there is little solace in being sorry that they happened.

Profit from Experience

"We can, however, profit from past experience and do everything humanly possible to prevent repetition of something that is not pleasant to talk about," he said. "Certainly the hotel operators involved never for a moment thought such tragedies could happen in their hotels, any more than you believe it could happen in yours. But it did happen and it can happen again unless there is cooperation on accident prevention and safety."

Underwriters Safety Conscious

The safety theme is uppermost in the minds of all underwriters, he said. He stated that his own company is determined to do what it can to eliminate any repetition of the tragedies that have occurred.

Mr. Uhler made several recommendations to hotel operators in connection with their insurance:

Group as many of your casualty exposures in one company as possible. Never carry compensation insurance in one company and liability protection in another. An injury may be sustained by a person whose status is doubtful, and a difference of opinion might reasonably exist as to whether the injured person is an employee or a member of the public. Two insurers could disagree as to which should pay the claim. It would be foolish to insure building liability with one company and elevator liability with another. Someone might get hurt while about to enter or leave an elevator. The insurer on the building might believe the injured party slipped in the elevator and fell out the door, while the insurer of the elevator might honestly think the person slipped after leaving the elevator.

Don't Divide M. & S.

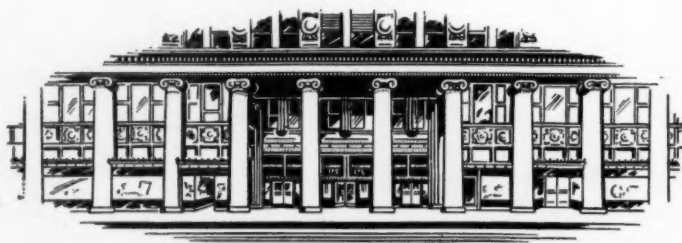
If protection against loss of money and securities is divided, he said, there could easily be a difference of opinion as to whether the loss of money was caused by an employee or an outsider. If both coverages are in one company it does not matter how the loss occurred, once it is established that it happened. In cases involving more than one company, you still have protection, but there is no point in your being inconvenienced and perhaps embarrassed by delay arising from differences in opinion.

Good Will Insurance

Mr. Uhler called attention to the new medical payments coverage in connection with premises of business establishments. Liability insurance pays to a claimant on behalf of the hotel an amount for which the hotel has become legally responsible. This left without insurance the guest injured due to his own carelessness and through no negligence on the part of the hotel operator. It would be good public relations and would help create and retain good will if the hotel could reimburse for injuries for which they consider themselves having a moral obligation rather than a legal liability. The medical payments can now be added to the basic liability policy for a nominal additional premium. This may well be called good will insurance, he said.

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BLOOD BANK LIABILITY INSURANCE

Liability Insurance—including Malpractice and Products Liability—can be arranged for Organizations and American Red Cross Chapters which operate Civilian Blood Banks, located anywhere in the United States.

Information on request.

COMPENSATION

North Carolina Reduction Ordered by Hodges

RALEIGH, N. C.—Commissioner Hodges announced an average overall reduction of 2% in workmen's compensation rates in North Carolina, effective Oct. 1. He ascribed his action to a decrease in industrial accidents in the last year.

Compensation rates in North Carolina are determined annually on the basis of a review of the ratio of premiums collected in the year to claims paid. These reviews Hodges said, are a "part of the orderly scientific procedure of ratemaking adopted with the creation of the Compensation Rating & Inspection Bureau of North Carolina."

"While some classifications on which loss experience has been unfavorable have increased to some extent, others and by far the greater number of classifications which show favorable experience, have been reduced more than the overall average of 2%," he said. These represent more than 80% of classifications listed in the rate manual.

Premiums paid on compensation in the state in 1946 totaled \$6,624,804. Hodges said with the new rate scale the rate level remains better than 30% below the rate of 1929, when the North Carolina act was adopted.

New N. J. Report Form

NEWARK—The New Jersey labor department has introduced a new accident reporting form which is expected to be of value to compensation insurers.

It is intended to provide information for more adequate analysis of the causes of accidents in industrial plants, which would have a tendency to reduce accidents.

Ariz. Company Examined

A convention examination of Republic Indemnity of Phoenix, Ariz., by Colorado and Arizona has been completed.

SURETY

F. & D. Bond Covers \$12,000 N. Y. Embezzlement Loss

NEW YORK—Fidelity & Deposit has a large bankers blanket bond on Federation Bank & Trust Co. here where a bookkeeper was apprehended last week and accused by federal bureau of investigation of embezzling \$12,000.

The embezzler, according to FBI, said that he had taken the money by depositing a fictitious check on the bank to his personal account at another bank. Then in his capacity as head bookkeeper he destroyed his check after it had been paid by the bank. The frauds were performed over an 18 month period on three different checks and the money was used for stock market speculation. The bookkeeper has an equity in several houses as well as some securities and has promised to make full restitution.

\$8,000 Embezzlement Is "Covered" by \$5,000 Bond

NEW YORK—U. S. F. & G. had a \$5,000 blanket position bond on the Pomonok Country Club on Long Island whose manager has been arrested by police and accused of embezzling more than \$8,000. The manager had been employed since 1941 but the thefts occurred this summer, it is charged. Police said that the money was used to bet on horses.

Fla. School Successful

One of the interesting insurance educational activities of the day is that of American Institute of Insurance at Orlando, Fla. This is a special school conducted by American Fire & Casualty.

It is devoted to agency work, preparing men for the field. Also, all of the home office personnel who come in contact with the public or work in the field, are sent through the school. There is an intensive six weeks course on fire and allied lines and all of the casualty lines. The school emphasizes salesmanship and public speaking. H. E. Marsolf is the director.

Ill. Auto Assigned Risk Plan Is Booming

Business of the Illinois automobile assigned risk plan is booming. During the first six months the total of new and renewal assignments was about 1,000. This compares with about 900 for the entire year of 1946. At the rate at which assignments are now being made, the total for the second six months of this year is likely to reach 2,000. Until June the number of new assignments had been running this year at the rate of about 50. There was a jump in July to 150, in August to 250 and the September assignments are at the rate of about 400 for the month.

Declination Ritual a Nuisance

The task of writing declination letters for brokers and agents to make a risk eligible for assigned risk treatment has become quite a nuisance to underwriters, as the number of risks that can't get placement in the ordinary course is increasing in almost geometrical proportions. Insurers are requested to write such letters not only on risks of their own agents and brokers, but they are also solicited to do so by agents and brokers with whom they never do business. Moreover, sometimes their own agents ask them to get the necessary two other declination letters for them. This, most of the insurers have discontinued doing.

Most of the assignments these days are due to young drivers, old drivers or to a bad claim experience.

Better Business Bureau Seeks Insurance Members

Cincinnati Better Business Bureau, in soliciting membership from insurance agencies, states that it has distributed 1,500 copies of an employee bulletin board poster captioned "Are You An Insurance Bargain Hunter?" This poster goes on to say that bargain hunters may run into trouble because very often purchasers who are attracted by "cheap" insurance offers find out too late they were not bargains.

The Better Business Bureau recommends buying insurance from licensed organizations, reading and understanding completely provisions of policies, dealing with an established and reliable firm and determining whether the "mail order" insurance "is the bargain you think it is before buying."

The bureau states it handles more than 150 insurance inquiries a month, assisted in stopping several unlicensed insurance operations that had advertised at Cincinnati, issued a monthly house organ article about buying insurance and publicized the operation of an "insurance ghoul" in the Cincinnati area several times.

The bureau complains, however, that only 13 insurance firms are its members.

DEATHS

Dr. Walter Falke Jones, medical director of Eagle-Globe-Royal Indemnity companies, died at his home at New York, following a brief illness.

A graduate of John Hopkins medical school, Dr. Jones had been associated with the companies since 1919. He was a fellow of American College of Surgery and an associate surgeon at Hospital for Special Surgery. Dr. Jones was a major in the first World War.

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A contract for the protection of responsible members of this profession.

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EVERY Abstractor is constantly exposed to the possibility of a large suit as the result of error or omission. Yet, until recently, there never has been available to the Abstractor a contract designed to guard against the specific risks he faces. This new contract, pioneered by our organization, is the first of its kind ever offered to responsible members of the profession. It affords comprehensive coverage at a moderate rate. It offers to agents and brokers an entirely new source of income. Full information will be sent upon request. Underwritten by **LLOYD'S OF LONDON.**

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Flat Rate Hospital Policy Suggested at Boston Meeting

Whether or not it would be feasible for commercial accident and health companies to write a hospitalization policy paying a flat sum per day for all hospital expenses covered under such a policy, instead of segregating the payments for hospital room and miscellaneous expense, was one of the things



John M. Powell



Ambrose Kelly

discussed at the regional meeting of the Health & Accident Underwriters Conference at Boston. Such a plan would follow the basis Blue Cross now uses in making its payments to hospitals. It was pointed out that if such a plan could be worked out it would be necessary for a considerable number of companies to go in on it. The great differences in company plans at the present time and the weakness of some hospitalization contracts were mentioned as factors which make it difficult to get hospitals to give the same recognition to patients insured in private companies as to Blue Cross certificate holders.

Sequel to Blue Cross Hearings

These points were brought up in discussing the Blue Cross muddle in Massachusetts revealed by hearings before the insurance committee of the legislature sitting as an interim committee. The revelations at those hearings, which have been heavily headlined in the newspapers there, naturally constituted a topic of especial interest to those attending the conference meeting. They were reviewed by John M. Powell, president of Loyal Protective Life, who extended greetings for the Massachusetts companies, and Charles Goodale, assistant vice-president of American Mutual Liability, both of whom had been attending the hearings.

Powell Gives Dual Viewpoint

Mr. Powell was in a position to evaluate the material presented from the dual viewpoint of accident and health executive and hospital administrator, as he also is president of Newton-Wellesley Hospital. He said it would be a calamity if the Massachusetts Blue Cross were to go under, but it will not. It has done good work and has been a valuable factor in opposing governmental plans, but has made some serious blunders.

He gave some interesting figures on hospital costs, stating that the semi-private rate is supposed to reflect the actual cost of service rendered. Ward service is given below cost but sufficient profit is supposed to be made on private rooms to make up for it. He said the actual cost for semi-private accommodations in the Boston area runs from \$12.50 to \$14 per day and expressed the fear that under the plan proposed by the Blue Cross, which seeks to restrict its liability to a certain maximum, with the hospitals collecting from the patients the amount above that figure, they would not dare to charge the full actual cost. He said he does not believe the hospitals want to discriminate against insurance companies.

Mr. Goodale, who is not an accident and health man and whose work is primarily on the legal side, analyzed the weaknesses of the Blue Cross as brought out at the hearing, both those inherent in the system and those peculiar to the situation in Massachusetts; the attitude

indicated by members of the committee and some possible solutions to the present tangle.

Ambrose Kelly, now with the associated factory mutuals, who while Washington representative of American Mutual Alliance initiated the first movement for a liaison between insurance interests and the medical profession, told of the progress that has been made along that line and also gave a particularly penetrating analysis of the situation which confronts accident and health insurance today, especially in the legislative field.

Medical Care Plans

On the medical side, he said that relations with the American Medical Assn. are better than they ever were before. He mentioned the good results from the standard forms worked out by the conference and International Claim Assn. and took up some of the recent developments in medical care plans, especially in Rhode Island.

The doctors there originally had proposals for a plan to be operated by Blue Cross but because of the cooperation extended by them turned to the insurance companies. The plan is to come before the house of delegates this month and is practically certain to be approved. It is not a deal with one company but any company which will use an agreed surgical fee schedule may operate under the plan. The medical society does not exercise any control over rates. He said Connecticut is watching the Rhode Island plan closely and that action may be expected there soon.

Fire Insurance Now Vulnerable

As to the general situation, he took up the criticisms of accident and health insurance and the way they had been turned into arguments for government control. He showed how necessary it is for all lines of insurance to unite against the menace. He said fire insurance, with which he is now connected, has been rendered vulnerable to similar attack by the situation today where coverage sometimes is difficult to obtain.

On the level of state legislation he would like to see two or three states enact cash sickness laws along the line proposed in New Jersey, with administration in the hands of the companies, to have something to fall back on if the going gets too rough.

Other Topics Discussed

L. B. Mullins, National Casualty, reviewed the recent group and franchise meeting in Chicago, with discussion of some points brought out. A. M. Wilson, Liberty Mutual, spoke on "State Medical Society Plans—Voluntary Insurance Participation," and Jarvis Farley, Massachusetts Indemnity, on "Uniform Sickness and Accident Regulatory Legislation—Standard Provisions." E. H. O'Connor, Insurance Economics Society, discussed the Taft bill; C. W. Young, Monarch Life, public relations progress, and F. L. Harrington, Massachusetts Protective, the impact of the commissioners-all industry accident and health regulatory bill. Harold R. Gordon, managing director, who presided, concluded the session with a review of conference activities. There were about 30 in attendance.

Excess Underwriters Office in Chicago Moves

Excess Underwriters' Chicago branch under direction of Howard E. Mankin, resident vice-president, moved Wednesday to offices in A-1930 Insurance Exchange, where the space is about double that of the old quarters in the building. Business has been rapidly increasing of late, and Mr. Mankin has had to increase his staff. He took charge about 2½ years ago.

Karl H. Goth, safety engineer for the Charles W. Sexton Co., Minneapolis agency, was named on the faculty for the annual short course for motor vehicle fleet supervisors at the University of Minnesota Sept. 15-19.

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Rating Parley Draws 93

RICHMOND—The zone 3 forum on rating matters got under way here Tuesday for a three day session with a registration of 93 the initial day. Representatives of departments from as far away as California were on hand to hear papers read on various phases of rate making and to participate in discussions of them. The primary purpose of the meeting was educational.

Following the reading of papers at each session there was a question and answer period for clarification of points stressed in papers that were not altogether clear.

J. Edwin Larson, Florida commissioner, one of the originators of the forum, acted as chairman. Commissioner Bowles of Virginia extended greetings as it opened. Decision to stage the forum in Richmond, it was explained, was due to the fact that the Virginia department has a setup of administration of casualty rates that was considered a model.

T. T. Elmore, deputy commissioner of Florida, who together with C. M. Wheeler, Kentucky department, and G. Frank Purvis, Louisiana, drafted plans for the forum, said that it was believed it would be especially helpful to new personnel of departments unfamiliar with the procedure of rate making and that as a result of the forum there would be more uniformity in the making of rates.

Commissioner Forbes of Michigan, chairman of the executive committee of N.A.I.C., was among those present. Other commissioners on hand were Shield, Ohio; Stone, Nebraska; Dickey, Oklahoma; Butler, West Virginia, and Jackson, Missouri, chairman of zone 3. "Pat" Murphy, former commissioner of South Carolina, was also present.

The committee for the forum on rating matters at Richmond had arranged to have a panel of three technical advisers present at each lecture to assist the lecturer in the question and answer period.

Those assistants were: J. M. Cahill, secretary; T. O. Carlson, actuary, L. A. Sawyer, manager of burglary and glass division, and W. J. Heinrich, assistant manager compensation and liability division of the National Bureau of Casualty Underwriters; Vestal Lemmon, manager National Assn. of Independent Insurers; H. F. Richardson, secretary National Council on Compensation Insurance; E. K. Cathcart, vice-president and director of bonding division of Maryland Casualty; G. Griffith, manager of bonding department Liberty Mutual, and G. B. Slattengren, vice-president of Seaboard Surety.

Two Car Drivers Sue to Test Nebraska Act

LINCOLN, NEB.—Two suits testing validity of the motor vehicle financial responsibility act passed by the 1947 legislature were filed in Lancaster district court. The law requires every driver involved in an accident resulting in more than \$50 property damage to furnish proof of financial responsibility to the state highway department.

The first suit was filed by L. J. Oram, naming State Engineer Wardner Scott and the department as defendants and claiming Oram had been notified his driver's license would be suspended "not less than 10 days after Sept. 2" unless he furnished such proof. Oram maintains he was in no way responsible for an accident July 3, in which an automobile he was driving allegedly struck by a Santa Fe Lines bus on highway 6, north of Milford.

The second suit was filed by Leonard Arenas, who was ordered to surrender his driver's license and privileges following an accident July 16. State Engineer Scott and the state department of roads and irrigation were ordered by

District Judge Wilson to suspend action to force Arenas to surrender his license and proceedings were stayed until final determination of Arenas' \$200 damage suit against J. A. Hackanson, a Nebraska university student. Arenas contends a car driven by Hackanson rammed his auto.

The petition contends the responsibility act is void insofar as it authorizes the suspension of Arenas' driving privileges, and "in effect compels the plaintiff to carry liability insurance by compulsion."

It is argued such insurance is "a modified form of the taxing power, farmed out to private corporations, whereby it is sought to tax all careful drivers of motor vehicles to pay the personal and property damage caused by the few careless, negligent and drunken drivers."

"Such compulsory insurance" tends to encourage careless driving because policyholders "feel the insurance companies carry the responsibility and those drivers carrying their own responsibility drive more safely," the petition argues.

Am. Express Stenographer Admits Embezzling \$107,000

American Surety has the fidelity bond on American Express Co., from the Detroit office of which Mrs. William Jacobs, 42-year-old stenographer, has admitted embezzling \$107,000. Mrs. Jacobs is quoted as stating that she gave the cash to her husband, because she was deeply in love with him. He is a bartender. She described her husband as being desperate for money, but said that he didn't know anything about the \$13,000 a month that she said she had passed on to him from the company, where she had worked since she was 13.

Rain & Hail Wichita Move

The Wichita office of Rain & Hail under Manager Miles Eliff is moving to the newly modernized and air conditioned "Insurance Building" Sept. 1. This is the modern fireproof former Elks Club building which Farmers & Bankers Life purchased last year and has converted into one of the finest office buildings in Wichita.

Hearing Again Postponed

HARRISBURG—Because of "a complete misunderstanding between counsel," a hearing scheduled by the Pennsylvania department of justice for Paramount Mutual of Philadelphia, on insurance department charges of mismanagement, has been postponed to Sept. 25.

Earlier, Commissioner Malone said that in addition to alleged violations of the operational methods prescribed by the state, Paramount has not been paying claims.

Mismanagement of its operational functions, following a state investigation, is charged in a probe of Protection Mutual of Cambria County, Ebensburg, which has been turned over to Attorney General Chidsey for further action, insurance department said.

"Needs Change in Management"

Reportedly headed by some of the former officers of the defunct Keystone Mutual Casualty the firm needs "a change in management," according to state officials. The firm is authorized to write fire and casualty insurance.

Deputy Commissioner Ralph Alexander said the Protection Mutual is not in financial difficulty, and that the department's complaint is based entirely of methods of operation.

N. P. Kann of Pittsburgh, is president and A. J. O'Leary, is secretary. Both Kann and O'Leary were executives of Keystone. They may face criminal charges in conjunction with Keystone's 1946 report.

A justice department hearing in the Protection Mutual case may be averted, according to Deputy Attorney General Ralph B. Umsted, "if changes in management can be made." Umsted said the

state has no complaint on the financial aspects.

According to its 1946 report Protection Mutual had premiums during 1946 of \$196,772. Its assets were \$242,479 and surplus \$66,909.

Case Appointed Adjuster

Don Case has been named assistant home office adjuster in the claim department of Great Central Mutual of Peoria, Ill. He recently was graduated from Bradley University, where he was a three-letter athlete. In the last war he spent 41 months in the A. A. F. flying supplies over the "hump" from India to China.

Auditors Hear Doenges

Fred H. Doenges, St. Louis manager of Fidelity & Deposit, gave "A General Discussion of Fidelity Claims and Case Histories," at the first fall dinner meeting of the St. Louis chapter of the Institute of Internal Auditors.

H. B. Lytle Claims Head

Harold B. Lytle has been named claims manager at Cincinnati of American-Associated. He succeeds T. R. Elswick, who died recently.

Mr. Lytle is a graduate of the law

school of University of Cincinnati. He was admitted to the Ohio bar in 1926 and engaged in private law practice until 1935, when he joined the claim department of American Automobile.

New Aetna Life Director

Barclay Robinson of the law firm of Robinson, Robinson & Cole, Hartford, has been elected a director of Aetna Life, Aetna Casualty, and Automobile. He succeeds Edward M. Day, who died May 2.

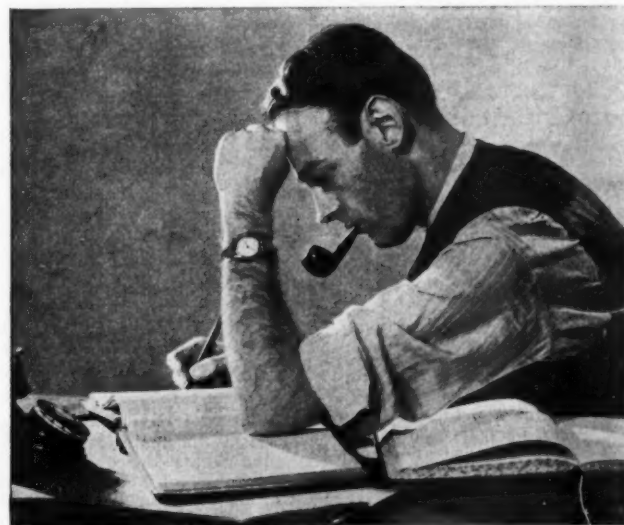
Mr. Robinson has been a director of Standard Fire of the Aetna Life group.

Accredited H. & L. Formed

ST. LOUIS—Accredited Hospital & Life of St. Louis has been incorporated to do a general insurance business by August Kern, Jr., well known local agent, and his associates. The company under its state charter is authorized to issue 50,000 shares of \$5 par value stock.

Mr. Kern, who heads the Kern Agency, controls one of the largest annual volumes of health and accident premiums of any agency in the middle west.

The incorporation papers list these incorporators in addition to Mr. Kern: J. A. Ruhl, J. Jackson, Jr.; E. F. Vetter, Dr. E. B. Whitmer, W. A. Hombs, W. C. Clippinger, H. J. McAnnily and A. Roth.



MYSTERY MAN

Employees spend an average of 7 hours out of every working day on the job. But even after years of service, how well does any employer really know the people who work for him?

Family illnesses and death; high living costs and the struggle to make ends meet; bad companions; gambling—these are the foremost reasons why honest employees become thieves. And it's a rare employer who knows his people well enough to know when such danger threatens.

That's why, in big business or small, correct Fidelity Coverage is the only assurance an employer has that he won't suffer a serious loss through employee defalcations.

With "American's" four types of Dishonesty Bonds, you can provide the correct coverage for any need.



American Casualty Company

READING, PENNSYLVANIA

Capital \$2,000,000

Fidelity Mutual Head Gives Views on Counsel Work

E. A. Roberts, president of Fidelity Mutual Life, in addressing the convention of International Assn. of Insurance Counsel, declared that the most worthy and successful home office counsel is one who will carefully select and stay with good local counsel; who will write a covering letter which gives the man on the firing line the full story, including any errors or delays, or other irritations that may have been chargeable to the home office, and who will support and follow the well considered judgment of the man on the ground.

Because of tough cases, the courts "generously" have rewritten the insurance contracts, he said. "With all of the language now necessary to meet statutory requirements, and the recorded cases, an insurance policy is the least readable literature I know. If we are told that it is open season on our sort of corporation in a particular jurisdiction, the thing to do is to withdraw from the writing of new business rather than try to prove the incorrectness of such an observation by hitting one's corporate head against the wall."

Insurance counsel, Mr. Roberts said, after the expiration of the moratorium in public law 15, may soon enter a new field of regulation hitherto unknown to them, yet well known to lawyers practicing in other lines of business activity.

Confer on Gradation

The special departmental committee appointed by Hodges of North Carolina, chairman of the compensation committee of National Assn. of Insurance Commissioners, and headed by Elliott of Pennsylvania, to study workmen's compensation expense by size of risk, will meet with a committee of National Council on Compensation Insurance in New York Sept. 22. The call for experience information along this line went to companies early this year, and a compilation and analysis of that information will be discussed. The information called for was broken down into two general categories, payroll auditing and general administration, with two subheads under the first and 25 under the second. The premium sizes studied break at \$500, \$1,000, \$2,000, \$5,000, \$10,000, \$25,000, \$100,000 and over.

Amend Company's Charter

Charter of Citizens Home of Richmond, Va., has been amended authorizing increase in maximum capital stock from \$50,000 to \$500,000 and minimum from \$25,000 to \$50,000. The company writes industrial life and sick benefit. It was reported several months ago it was planning to organize a subsidiary com-

pany in Washington, D. C., to write similar lines.

Whether amendment of the charter increasing the capital has any bearing on such reported plans could not be ascertained. Mason Mangum is president. He formerly was counsel for the Virginia state corporation commission.

Reckless Flyers Causing \$1 Million Annual Loss

Aviation insurers are worried about the number of claims arising from reckless flying. A recent survey indicated that more than \$1 million is paid annually by the companies because of accidents resulting from stunt flying.

The losses are partially responsible for the increase in rates which have been effected by almost all companies underwriting aviation. Though aviation insurers are not as reluctant as automobile companies are in taking business, they are cautious in accepting risks.

Aviation authorities say that the reckless flying is done by less than 10% of the total number of licensed pilots. Some aviation officials think that prison sentences should be meted out for reckless flying. They feel that courts should not consider stunt flying as the actions of exuberant and courageous youth but rather like the crimes of a citizen who menaces the lives of other persons on the highway by driving his automobile recklessly.

Rural Medical Care Plan

PHILLIPS, WIS.—The Price-Taylor county medical care plan for farm families who have loans from F. H. A. will be continued for the fourth year if 63% of eligible participants enroll before Oct. 15. Dr. H. B. Norviel of this city, chairman conference committee, announced. The plan is an experiment in prepaid medical care insurance, sponsored and operated by the Price-Taylor County Medical Society in cooperation with the Wisconsin State Medical Society and F. H. A. For \$39 a year eligible farm families are insured for the usual medical, surgical and maternity benefits at home or hospital.

Writes Big Ind. FHA Bond

H. H. Woodsmall agency, Indianapolis, state agents of Seaboard Surety, has written the bond on the \$4,587,202 Meadowbrook Apartment contract at Indianapolis, the largest FHA housing project in Indiana.

St. Louis Club Meets Oct. 30

ST. LOUIS—The first fall meeting of the St. Louis Assn. of Accident & Health Underwriters will be held Oct. 30.

Des Moines Club to Elect

DES MOINES—The Casualty & Surety Club will hold its annual election

Late Fire News

Fire Companies Entitled to Profit

Head of C. & R. Tells Accountants Statesmanship Is Needed

NEW YORK — The S.E.U.A. decision and public law 15 has placed the insurance business in an entirely new situation, John R. Barry, president of Corroon & Reynolds, told Insurance Accountants Assn. at a meeting here. Rates should provide the companies with an underwriting profit without being excessive, he said, adding that the law provided for that profit and placed an obligation upon the commissioner to consider the companies as well as the policyholder. The capital and surplus of the companies are entitled to a fair interest return also.

He called attention to the formula for determining underwriting profit adopted by National Assn. of Insurance Commissioners and National Board and mentioned that a committee was still studying the problem. The formula is sound, he said, as it is based on premiums earned, losses incurred, expenses incurred, and provides for an allowance for underwriting profit and catastrophe. It is a waste of time and a cause of trouble and confusion to the industry as a whole to issue statements on any other basis, he advised the accountants, and then stressed that they could no longer claim that there was no way of arriving at results on the basis of earned premiums by states.

Tie in with Statement

He urged that statistics for rate making purposes be based on the annual statement, with the results broken down by states on the National Board scheme, on direct business with all reinsurance transactions eliminated.

The companies are entitled to an over-all profit on the entire business within a state, he observed, and though the law says that there should be no discrimination between classes, the allocation of premium income to the various classes, is a matter that could not be worked out in a scientifically exact manner. If accountants produce statistics on the basis referred to for the states as a whole, they would have to apply the same formula to the classification results in each state so that these figures would tie in with the state re-

Sept. 2. Claire Ibson, Aetna Casualty is president. The nominating committee is headed by Frank Noble, American Surety.

"The Western Hemisphere in the World of Today" was the title of an address that was given by James S. Kemper, chairman of Lumbermen's Mutual Casualty, at a New York luncheon meeting of the first Hemispheric Stock Exchange Conference of the Inter-American Council of Commerce and Production. Mr. Kemper was speaking in his capacity as president of the Inter-American Council.

The annual meeting of the northern Indiana puddle of the Blue Goose will be held at South Bend Sept. 25.

The opening meeting of the Insurance Women of New Jersey at Newark Sept. 25 will be preceded by a dinner, and following the business meeting there will be a prominent speaker. Officers include Anne Z. Ritchie, president; Elizabeth Diffily, first vice-president; Veronica McDowell, second vice-president; Hazel L. Smith, recording secretary; Wilma M. Martin, corresponding secretary; Grace Donahue, treasurer. The association plans to sponsor a beginners course as well as the advance course which has been held.

sult. Because of the nature of the business, this will call for statesmanship on the part of the departments and the companies to arrive at a formula for producing the proper result.

He called attention to the fact that over the years, with one form being added after another, there had been created a system of tax reporting plus other department requirements, that was antiquated, cumbersome, and wasteful. He urged that accountants to make a study of all the blanks they are now called upon to prepare, and to arrive at a uniform system of reports which could meet 95% of the state and municipal requirements.

All this having been accomplished, he said there is still lacking a central bureau to compile and correlate these figures in a way that would be presentable and understandable to all interested parties.

Fire Detector on Market

The "DetectoMaster," an electrical device which gives warning of abnormal temperature rises, has been put on the market by Lord-Taber Co. of Canandaigua, N. Y. Using the closed-circuit system, the DetectoMaster indicates the location of fire in its incipient stage in any area in which one of the numerous thermostats is placed. It is possible to have as many as 4,500 of these thermostats at various locations without overloading the capacity of the central control board.

The device also gives warning of abnormal drops in temperature, thereby furnishing protection against freezing.

Pittsburgh Alumni Elect

W. Stewart McCready, American Surety, was elected president of the Pittsburgh Insurance School Alumni Assn. at the annual meeting. Emile R. Schiller, Commercial Union, is secretary and Edith Liebau, Paul C. McKnight agency, is treasurer.

Heads Aviation Unit

Gordon C. Sleeper has joined Frank B. Hall & Co., at New York as general manager of its aviation department. He was with that firm for about 3½ years following the first war, in which he served as a pilot.

William J. DeMille, vice-president of the C. B. DeMille General Agency, Seattle, announced the birth of a new daughter.

WANT ADS

WANTED

TRAVELING OFFICE MANAGER

Experienced casualty insurance branch office manager for a position as traveling procedural auditor. Extensive traveling will be required between home and branch offices. The successful applicant must possess a thorough knowledge of casualty insurance accounting, statistical systems and office procedure as related to home office and branch office operations. The position offers excellent salary plus a substantial expense account. In reply please state background, salary desired, and the earliest date available for work. Address N-25, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Casualty underwriter for Denver Branch Office of large Bureau Company. State age, experience, education, salary desired and references. P. O. Box 1437, Denver, Colorado. Reply kept confidential.

WANTED

Position as Casualty or Surety Underwriter or Special Agent—15 years experience. Write P.O. Box 945, Indianapolis, Indiana.

INSURANCE TO FIT THE NEED

The SHELBY MUTUAL CASUALTY COMPANY

OF SHELBY, OHIO

AMERICA'S OLDEST MULTIPLE LINE CASUALTY MUTUAL

ORGANIZED 1880

Employers Mutuals Plan Home Office Addition

WAUSAU, WIS.—Employers Mutual Casualty and Fire companies have outgrown their home office building here and are contemplating an additional structure for supply room and file storage. A one-story, brick and concrete building, 60 by 240 feet, is to be erected on a site on the northwest side, to serve until a new wing can be added to the present home office.

The Charles R. Neff agency, Harrisburg, has moved into new, larger offices at 900 Green street.

Kiah Hodges, Clinton, Okla., has sold his fire insurance agency to R. H. Dunn, attorney. Mr. Hodges plans to enter the life insurance business exclusively.

Gets Mass Plate Glass

ST. LOUIS—The Insurance Agency Co. of St. Louis has been designated Missouri state agent for Massachusetts Plate Glass, which recently was licensed to operate in Missouri.

N. Y. Injuries, Damage Increase

The New York state bureau of motor vehicles reports a 23% increase in personal injury accidents in June, compared with June, 1946. There were 141 deaths and 10,958 injuries. Property damage accidents totaled 13,014, a 33% increase, the estimated cost of which was \$3,040,663, a 44% increase over the previous June. Mileage increased 8% in the month.

Mass. Blue Cross Running in "Red"

(CONTINUED FROM PAGE 29)

the hospital bills, hoping to make restitution later.

As an institution concerned with 49% of the population of Massachusetts and collecting some \$25 million annually, the commissioner declared there should be statutory authority to determine whether costs cited by hospitals in connection with Blue Cross payments are "reasonable, just, adequate and nondiscriminatory"; that Blue Cross should furnish adequate and complete data to determine just rates to subscribers and that penalties for non-compliance should be placed on the statute books.

Roger W. Hardy, legislative agent of Blue Cross, gave a very frank story of its troubles. From the beginning, he said, the department of public welfare, which by law should have reviewed the rates paid to hospitals, never had functioned. The head of the board maintained he had no facilities for the work, and showed no interest in it.

Facing Raising \$2 Million

Under present costs, Blue Cross is paying hospitals 10% more than it can afford, and they have been asked to operate on a provisional basis temporarily. Under present rates, he said, Blue Cross stands to lose \$2 million the coming year unless something is done. It is faced with having to raise \$2 million either by higher rates or offering less benefits. Mr. Hardy admitted there was no insurance man in his organization and the 15 directors, with two exceptions, are hospital representatives.

Massachusetts Blue Cross provides for two classes of subscribers, those with incomes below \$3,000, where Blue Cross pays all hospital bills, and those over \$3,000, where the subscriber pays additional costs above the Blue Cross standard fee. He said the original mistake had been in taking in small groups of four or five. With its present practice of accepting only a high proportion of large groups, experience has been more satisfactory.

President Putnam admitted rates had been "based greatly on guesswork." Actuaries had been too expensive and hard to get and reports from hospitals had been inaccurate so that "our books were in an awful mess in 1946." Blue Cross couldn't charge too much without los-

ing subscribers, he said, and he doubted whether the commissioner should have the veto power over rates. He believes a "coinsurance plan" should be adopted, Blue Cross to pay the \$9 per diem charge and the subscriber meeting any additional cost, the amount varying with the hospital. He suggested it might be well if the commissioner was made a director of Blue Cross.

Admits Point on Reserve

Reginald F. Cahalane, executive director, objected strongly to the suggestion that Blue Cross should be taxed for supervision expense but admitted a reserve might well be established by deductions from contributions over a period of years. Present reserves of the Massachusetts organization are \$1 million, made up of \$500,000 unassigned funds and an estimated balance of increased valuation of its home office building and advance payments by subscribers which it would "earn" in due time.

Plan "D" Proposal Is Outlined

(CONTINUED FROM PAGE 29)

ing charge to produce the proper final overall rate.

This procedure was given a great impetus by the comprehensive rating plan for national defense projects. It is necessary to develop such a plan for filing in the various states under the new era. Legislatures would be perturbed if many risks were forced to pay unduly high rates and others had great difficulty in securing coverage solely because of the lack of rating plans to fit rates as closely as possible to the requirements of the individual risk.

Flexibility in Expenses

Mr. Haugh went on to say that the rating plans for lines other than compensation that have been filed so far have provided for flexibility in expenses. The expense problem is easier to solve for compensation than it is for other lines. The system of expense gradation by size of risk goes far towards solving the problem for compensation.

The other casualty lines, for the most part, are entirely optional with assured, and the types of cover and the extent of service required vary enormously from risk to risk. Some risks can be handled with a very small bookkeeping expense plus the cost of adjusting claims, and the service required to the producer is little. It is proper that such risks should enjoy a substantial reduction in expense loading. Other risks are expensive to handle and if they desire a high degree of service, it is reasonable that their expense loading should reflect the additional cost.

A rigid average expense provision can be as unjust in the individual case as a rigid and inflexible average loss provision.

Mr. Haugh expressed the belief that the general adoption of the rating plans that he outlined will provide for a smooth transition into general rate regulation, and that these plans will develop rates which, as closely as possible, fit the actual requirements of the individual risk.

DESCRIBES BRITISH SETUP

Deputy Superintendent Alfred J. Bohlinger of New York, in addressing the forum on rating matters at Richmond, gave a very interesting account of rate making procedures in England. He was one of a team of New York department men that went to England to make a study of this matter for Superintendent Dineen. This was a comprehensive recital of the English situation, and the group was much interested. He said that he purposely refrained from comparing the merits of the English system with the rating procedures in this country or vice versa, his objective having been to present a dispassionate and objective summary of English rating procedures.

Parker Treats Burglary Lines for State Raters

M. M. Parker, manager of the burglary and plate glass division of Employers Mutuals of Wausau, told the zone 3 forum on rate regulation at Richmond, Va., that the outlook for burglary insurance does not seem too good. All the predictions that a crime wave would follow the war are being fulfilled and it seems that the brunt of these waves, from an insurance viewpoint, has fallen upon the residence theft policy. He said there have been large increases in the number of predatory attacks against mercantile establishments and that he would not be surprised to see the burglary line produce a loss in 1947 equal to that sustained in 1946.

While it has not been the premium producing line that compensation and automobile has, burglary has been a profitable line with its first underwriting loss since 1924 developed in 1946, he declared. Most underwriters contend the residence theft policy is responsible for this adverse development.

Mr. Parker went on to describe the policy forms in the burglary field, treating open stock burglary, messenger

and interior robbery, money and securities broad form and plate glass.

C. E. Ferree Is Retiring

Charles E. Ferree is retiring as assistant agency secretary of the four Travelers companies. He has been with the organization 36 years, having started at Syracuse. He later saw service at New York and went to the home office in 1920. He has been in his present position since 1929.

Buckeye Union Meeting

The Buckeye Union companies have planned a series of agency meetings in October in Ohio, Indiana, Michigan and Pennsylvania. The first will be held in Toledo Oct. 1 and the last in Pittsburgh Oct. 29. A meeting also will be held in Lima Sept. 30.

Jaeckel Addresses Agency

Julian C. Jaeckel of the law firm of Moser, Marsalek, Dearing & Carpenter, lecturer for the St. Louis Insurance Board's course on Missouri insurance laws, spoke at a luncheon of the General Insurers Agency Sept. 17 on "The Law of Negligence."

BITUMINOUS SERVES WITH A PROMPT LOSS PAYING RECORD

No one knows the business value of prompt, cheerful handling of claims better than insurance agents. Bituminous boasts a loss-paying record that is indeed an asset to all of its agents. The Bituminous claim department helps cement an insured's employer-employee relationship by speedy, fair service . . . reduces insurance costs by careful investigation . . . employs capable and courteous claim men to help promote the agent's standing.

When you represent Bituminous, you are supported by a prompt-paying claim service that results in satisfied policyholders and increased business.

Build with Bituminous

**BITUMINOUS CASUALTY
CORPORATION**

ROCK ISLAND ILLINOIS

ASSETS OVER \$17,000,000

Specializing in: Workmen's Compensation . . . Comprehensive Liability . . . Public Liability . . . Property Damage . . . Comprehensive Personal Liability . . . Automobile Liability.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Wisconsin Meeting Program Announced

MILWAUKEE — Preliminary plans for the annual meeting of the Wisconsin Assn. of Insurance Agents here Oct. 27-28 have been announced by Urban Krier, executive secretary. Among speakers will be John C. Stott, Norwich, N. Y., national executive committeeman; Richard Farrer, educational director N.A.I.A.; H. R. Danford, director of education National Conservation Bureau; Harry E. McClain, executive secretary Indiana association; A. H. Russell, manager court and probate department American Surety, and E. B. Moran, Chicago, manager central division National Assn. of Credit Men. Officers will be elected at an executive business session Monday afternoon.

Forum on Legislation

A feature will be a legislation forum Tuesday afternoon at which state officials will talk on new insurance legislation and lead discussions of questions from members. Taking part will be Charles Timbers, deputy commissioner; Lloyd J. Yaudes, chief department actuary; H. H. Persons, assistant attorney general; Ben Marcus, commissioner state motor vehicle department and Roy Steensland, department attorney. The forum will cover the new fire and casualty rating laws, new fair trade practice act for insurance, and the revised safety responsibility law.

A special program is being arranged for agents' wives during the convention sessions. A dinner-dance is planned for Monday night.

New Title Proposed for Upper Peninsula Group

IRON MOUNTAIN, MICH.—A recommendation that the Upper Peninsula Assn. of Insurance Agents be renamed the Upper Peninsula section of the Michigan association was made at the annual meeting of the northern Michigan group here. It is anticipated such a change may be incorporated in a proposed constitutional revision and reorganization.

The meeting attracted upwards of 100 agents and guests. Several instructive addresses were included. J. L. Hill, Lansing, chairman Michigan labor and industry department of the compensation commission, discussed recent changes in the compensation laws designed primarily to speed up procedures and simplify processing of claims. K. B. Maitland, U. S. F. & G., Milwaukee, discussed "Comprehensive Personal Liability Coverage," reviewing forms and offering promotional and production hints.

J. A. Bottkol, Menominee agent, discussed the proposed changes in the association's setup. Waldo O. Hildebrand, Lansing, secretary-manager Michigan association, outlined projected activities and the future program of the state organization.

It was decided to hold next year's meeting in Menominee. Action on choice of new officers temporarily was deferred. The president is Russell J. Bath, Iron Mountain. C. C. McGregor, Iron Mountain, vice-president, presided. A banquet was held and a social session at Pine Grove Country Club.

Explains New Ohio Law

CINCINNATI—An outline of Ohio's new fire insurance rating law which becomes effective Dec. 31 was given Cincinnati Fire Underwriters Association

by W. H. Witherspoon, associate state agent Aetna Fire, Columbus.

The application of F. O. Doerger for class A membership was approved. The Henry Rutledge agency becomes Rutledge, Jones and the Gustav May and H. Patrick Sweeney agencies changed from the individual to corporate form. G. B. Maggini, Perkins & Geoghegan, president, announced that Theodore Safford would serve as chairman and Robert Shell as vice-chairman of the community chest team. The association is sponsoring two insurance courses at University of Cincinnati. Ralph N. Fey, special agent Fire Association will teach the course on marine insurance the first semester and J. C. O'Connor, editor F.C.&S. Bulletins, the fire insurance course the second semester.

Program Completed for N. D. Agents' Convention

North Dakota Assn. of Insurance Agents will hold its annual meeting at the Gravel Hotel, Fargo, Friday.

The meeting will open with a luncheon, with a talk on "Comprehensive Liability" by Attorney Philip B. Vogel.

The business session will be held in the afternoon. Charles Dawson will preside at a round table discussion, with J. F. Nichols and Glen Saylor participating. There will be a discussion of the North Dakota financial responsibility act, effective in 1948. Legislative committee report will be given by Joseph Byrne.

Fred Wells, fire chief at Fargo, will discuss fire prevention and give a demonstration of fire fighting equipment.

A cocktail hour, sponsored by the field club, will be followed by dinner, at which time H. D. Paulson, editor of the Fargo "Forum," will speak on "What's Ahead for North Dakota."

Stone Discusses New Bureau

LINCOLN, NEB.—The department's new rating bureau which was set up Sept. 8 was discussed at a meeting of the Lincoln Assn. of Insurance Agents by Insurance Director Stone.

Omaha Agency's Conference

OMAHA—The Omaha Insurance Agency will sponsor an insurance educational meeting Sept. 23. More than 500 Omaha business firms have been invited to send representatives.

Nine nationally known insurance leaders will speak on these subjects: Federal regulations governing employment of minors; workmen's compensation laws; comprehensive public liability; the co-insurance clause and insurable values; business interruption or use and occupancy; partnership or business life insurance; employer-employee relations

NEWS BRIEFS

Offices of Underwriters Adjusting and the Rain & Hall Bureau now are located in the Insurance building at Wichita.

J. R. Greene and W. F. Parsons, who have been in the real estate and insurance business for about 10 years, have become associated in operation of an agency at Webster Groves, Mo.

Articles of incorporation have been filed in Michigan by South Haven Agency of South Haven, with authorized capitalization of \$25,000, the incorporators being C. R. Parker, George R. Leevee and F. E. Hoag, all of South Haven.

The McLean & Galvin real estate and insurance agency of East St. Louis is rounding out 50 years plus in the business. Its heads are Nat McLean and James Galvin.

with group life insurance; auto insurance vs. rates; fidelity coverage.

Minn. Rating Division Is Ready to Begin Work

ST. PAUL—Minnesota's insurance department is all set for administering the new rate regulatory laws that become effective Oct. 1. Armand Harris of St. Paul, who heads the new division, now has his staff of five assistants fully organized. He is in the east this week on a business trip and both he and Commissioner Johnson will attend the annual meeting of the Minnesota Assn. of Insurance Agents at Duluth Oct. 2-3.

At the commissioner's luncheon the opening day, Mr. Johnson will explain workings of the new laws and introduce Mr. Harris for his first public appearance since he took over the rating position.

The new division to administer the rating laws makes it necessary to provide more space for the insurance department and plans are now being made to take over adjoining space for Mr. Harris and his staff.

Boost Bay City School Line

BAY CITY, MICH.—The Bay City board of education voted to increase fire coverage on public school properties 25 to 30%. The business is to be divided among 17 agencies, at an aggregate premium cost of \$3,665 compared to \$2,764 last year. The coverage is being written on a five-year term basis, however, reducing the average annual cost to \$2,932. A special committee of trustees reported the schools were grossly underinsured since building costs have increased from 25 to 30% in the last year. The new total coverage is \$2,506,000, compared with \$1,945,000 previously.

Find Many School Hazards

ST. PAUL—Many public and parochial school buildings in Minnesota are becoming fire traps, Leonard E. Lund, deputy state fire marshal, says. Numerous fire hazards were found in St. Paul and Minneapolis schools while Duluth, third largest city in the state, had a perfect record with not a single correction order issued for the 56 schools inspected there.

Krier Gives Two Talks

Urban Krier, Milwaukee, executive secretary Wisconsin Assn. of Insurance Agents, addressed a dinner meeting of the Jefferson county association at Fort Atkinson, Sept. 17, and will speak to the Dodge county association at Hustisford, Sept. 22.

Marine Course at Milwaukee

MILWAUKEE—Inland marine is the first subject of the fall term of the educational course of the Milwaukee Board.

W. H. Berry, Continental, president Wisconsin Fire Underwriters Assn., assigned as instructors H. L. Mauritson, Fireman's Fund; John M. Birmingham, Jr., Home, and Walter W. Sukow, Travelers Fire. Other sections of the N.A.I.A. course will follow.

Relyea Joliet President

Joliet Insurance Agents Assn. has elected these officers: President, Edward Relyea; vice-president, Lloyd Jones; treasurer, Roy Stephen; secretary, Joseph Fornango.

Mitchell New St. Paul Head

ST. PAUL—The Insurance Agents Assn. of St. Paul has elected Roy A. Mitchell, South St. Paul, president; Ernest Collingham, vice-president, and re-elected Herbert S. Matteson, secre-

tary-treasurer. Named on the executive committee were J. A. Downey, G. W. Bewel, H. L. Orme and G. E. Johnson.

Son Joins A. P. Smith

MINNEAPOLIS—Arthur P. Smith, immediate past president of the Insurance Agents Assn. of Minneapolis, has taken his son, D. Winthrop Smith, into the agency. Winthrop Smith recently was graduated from North America training school. He holds degrees from University of Minnesota and Harvard.

Hutchinson Agents Resume

The Hutchinson Assn. of Insurance Agents resumed its luncheon meetings last week and announced plans for Fire Prevention Week, coordinated with the chamber of commerce and fire department and plans for a demonstration and booth at the Kansas state fair this week in conjunction with the fire department.

Topeka Insurers' New Staff

New officers of the Topeka Insurers, hosts to the annual convention of the Kansas Assn. of Insurance Agents Oct. 22-24, are Glenn D. Hussey, president, succeeding Edwin S. Nellis, Nesbitt C. Fink, vice-president, and George Staebler, Jr., Meade Co., secretary-treasurer. Mr. Staebler is general chairman of the convention.

Benton Kan. City, Kan., Head

Russell Benton, of Merriam, Ellis & Benton, is the new president of the Kansas City (Kan.) Assn. of Insurance Agents, succeeding Evan H. Browne. George McAnany is vice-president, and Clarence Lind of Tinklepaugh & Lind, secretary. Executive committee members include Walter Schlatter, John Lillig, McNamara & Lillig; Cliff Tozier, S. H. Reynolds, O. W. Fail, Farris A. Taylor of McCullough-Taylor, and Cheney Prouty.

Restaurant Insurance Topic

Several insurance men will be on the program at the annual conference of restaurant management at Ohio State University, Sept. 22-23. A section on insurance program for Ohio restaurants will be directed by Prof. J. Wayne Ley, assistant dean of the college of commerce and administration and professor of insurance at the university. Speakers will include Lewis P. Richey, state agent of North America, and Harry T. Minister of the McElroy-Minister agency, Columbus.

40 in Kansas City Course

Forty have enrolled in the N. A. I. A. introductory course given under the auspices of Insurance Agents Assn. of Kansas City. The educational committee, headed by Gordon Kellner, had to turn down 25 enrollment applications due to lack of classroom facilities.

Mr. Kellner was the first discussion leader. President H. F. Warner gave an address of welcome.

This 32 hour course will be completed by Dec. 15, with a re-run planned after the first of the year.

Minn. Fire Prevention Plans

MINNEAPOLIS—Enactment of a state building code to put teeth in fire prevention is one of the first objectives of Gov. Youngdahl's first fire prevention conference. Four committees were set up to draft proposed new laws on fire fighting, services, education and building codes to be presented to the next legislature.

Charles F. Liscomb, Duluth, past president of National Assn. Insurance Agents, heads the fire-fighting committee which is divided into nine sub-com-

mittees, fireman training, financial control, grading, public relations, etc.

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mittees, including petroleum control, fireman training, equipment and apparatus, financing and rural fire protection.

Out of the study of the petroleum control group came a proposal to standardize protection services for all communities in accordance with the regulations of the National Board.

Dan I. York, St. Paul local agent for 40 years, announces that his son, David, has become associated with him.

Tom Smeester, Lincoln, Neb., local insurance agent, has been reelected president of the Toastmasters Club.

Charles M. Allen of the Glasgow-Alton agency, Wichita, left Tuesday for a three week trip to the west coast during which he will attend the National Savings & Loan Assn. meeting in San Francisco.

The first meeting of **Insurance Women of Cleveland** was held the evening of Sept. 11. Nora Caraboolad was program chairman.

Insurance Women of Toledo resumed their monthly meetings Sept. 10 in the office of John C. Tubbs. A buffet dinner was served.

St. Paul fire losses for the first eight months this year were \$378 less than in the same period last year, totaling \$537,114.

SOUTH

Dean Loman Is to Confer C.P.C.U. Degrees at Dallas

Dean H. J. Loman of the American Institute of Property & Liability Underwriters will attend the membership luncheon of the Dallas Insurance Agents Assn., Nov. 20 and confer the C.P.C.U. designation on Texas men who qualified this year. Dallas men and women preparing for the examinations will attend, with a number of honor guests who are interested in the educational program of Dallas association.

Hal A. Gulleddge, vice president, was elected a director of the Society of C.P.C.U. at the recent Los Angeles meeting. The Southwest C.P.C.U. Chapter, Dallas, has been authorized by the society and is being organized.

Study courses leading to the C.P.C.U. examinations again will be sponsored by the Dallas local board and the six Dallas holders of the designation will supervise the work and act as "big brothers" to the 40 students who are enrolling.

Okla. Regional at Alva Draws Big Attendance

The first of the season's regional meetings of the Oklahoma Assn. of Insurance Agents held Saturday at Alva was attended by 62 agents. The agents picked up 18 new members en route, making total membership an all-time high of 678.

George S. McFall, Oklahoma City local agent, chairman of the conservation committee, presented a demonstration of fire and accident prevention measures. Key speaker was I. M. Hughes, state manager of Home group and chairman public relations program for the Alva district. An educational discourse on agency management and collections was given by F. O. Cress, state agent St. Paul F. & M.

N. C. Advisory Board Named

RALEIGH, N. C.—Governor Cherry has appointed Thomas H. Southgate, Durham local agent, to represent stock companies on the state insurance advisory board for a four-year term.

W. H. Selson of Spray and John H. Anderson, Jr., of Raleigh, were named to represent the public on the board.

Southern 1752 Club Meets

The Southern 1752 Club met Thursday at Roanoke, with about 15 members from Virginia, North and South Carolina and District of Columbia attending. Clay Cox, Greensboro, N. C., was in charge.

Plans for Va. Convention

The 1948 convention of the Virginia Assn. of Insurance Agents will be held at the Cavalier Hotel, Virginia Beach, May 27-29. J. Earle Dunford, association manager, planned to be there this week to complete arrangements. On this trip, he was to visit agents in the Tidewater area. The convention was held this year at Roanoke.

Stuyvesant Names Davis

H. L. Davis & Son, San Antonio, have been appointed general agents for Stuyvesant for all of Texas. Other companies represented by the general agency are Manhattan Fire & Marine, Birmingham Fire, Secured Fire & Marine, Secured Casualty, Massachusetts Bonding, and Anglo-Mexicana De Seguros for foreign and tourist insurance.

Va. Law Study Is Continued

RICHMOND, VA. — A subcommittee of the Virginia advisory council, organized to study needed changes in Virginia's insurance laws to conform to federal requirements, met here. Edmund T. DeJarnette, senior member of DeJarnette & Paul, Richmond agency, is chairman.

Joe T. Redding, local agent, is chairman of a five-man rent advisory board at Knoxville, Tenn.

COAST

Ariz. Program Is Announced

Tentative plans are announced for the annual meeting of Arizona Assn. of Insurance Agents Oct. 27-28 at the Pioneer hotel, Tucson.

W. P. Welsh, of Los Angeles, vice-president, of National Assn. of Insurance Agents and who undoubtedly will be elected president at the annual meeting, will be the featured speaker.

Forums will be conducted on: Capacity, Office Management, and Keeping Up To Date In The Insurance Business. It is hoped to secure Ray Ellis, vice-president of Fireman's Fund, to be the moderator in connection with the first subject, Oscar Beling, Royal-Liverpool, will preside at the second forum, and Kenneth L. Nehring, Tucson, president Arizona association, will take care of the third.

Discuss New Laws

Also on the program will be representatives of the Arizona department, Arizona Equitable Rating Office, Arizona advisory committee and National Bureau of Casualty Underwriters. These men will discuss the operations of insurance under the new Arizona state regulatory laws.

There will be a cocktail party and dinner dance the evening of Oct. 28. It is expected that about 300 will be present. There will be two meetings prior to the convention. One Oct. 25 will be a meeting of agents and insurance department representatives and also representatives of the National Bureau of Casualty Underwriters to discuss the operation of the new rate regulatory laws with respect to casualty insurance.

On Oct. 26 there will be a joint meeting of the directors and executive committee of the Arizona association.

Prepare New Ariz. Quiz

PHOENIX, ARIZ. — Commissioner Rummage has prepared a complete new series of examination questions for applicants for licenses as agents, brokers and solicitors which he plans to put into use before the month ends. The questions require a written answer and it is understood are much in line with the difficult examinations in California and

other states having a high standard for applicants. There will be 40 questions each on the insurance code, automobile bodily injury, automobile liability and fire and allied lines, and 30 on disability. No questions on life insurance appear in the tentative list.

U. S. C. Course Started

LOS ANGELES—The University of Southern California course in insurance opened Tuesday evening with G. Earl Williams, National Surety, as instructor, aided by Prof. Don Skoles of the U. S. C. faculty. The course is an advanced one and will run for 36 weeks, divided into two semesters. It is intended for students preparing to take C.P.C.U. examinations I and II.

Tama to North British

North British & Mercantile has named John R. Tama as superintendent of the southern service office of the inland marine and special lines department, with headquarters at Atlanta.

Since 1933, after attending New York University, Mr. Tama has specialized in inland marine, except for a period of service as captain in the army. He saw overseas service in the European theater.

Insurance Women of Denver started the fall season with a dinner Sept. 15

Miss Patricia Maude Busler, daughter of Mr. and Mrs. Samuel E. Busler, and Clifford Cloon Jones, Jr., son of Clifford C. Jones, were married Saturday evening at Kansas City Country Club Christian Church. Mr. Jones acted as best man for his son. Following the wedding a reception was held at Mission Hills Country Club for about 1,000 guests. Mr. Jones is a director of R. B. Jones & Sons.

The Rink agency of Wichita has been sold to the newly organized Gentry & Burch agency.

with Bertha C. O'Connell, the president, presiding. Clarence Werthan spoke on the new financial responsibility law.

The **Insurance Women of Los Angeles** educational course will open Oct. 1. The first sessions will be devoted to fire lines, to be followed by life and accident and health.

CANADIAN

\$5 Minimum Premium Issue in Canada

TORONTO—Within a few months it is expected a large number of companies writing fire insurance in Canada will announce introduction of a minimum premium rate of \$5. The movement is said to be finding favor among independent companies. Any action along this line would have to be arranged through the Canadian Underwriters Assn.

An independent company, Dominion of Canada General, states that the \$5 was found necessary as an absolute minimum because of increased costs in company and agency offices.

Unofficial information is that some other companies have put the \$5 minimum in effect in Quebec and Ontario.

Rural Agents Opposed

It is reported the new minimum is not finding favor with some agents. In the cities little or no objection is expected from agents or buying public, but a large percentage of rural agents are known to be opposed.

Another objection to \$5 is that some agents pick up a little extra each fall in university districts by selling \$200 to \$500 contracts to students.

Last October, at the annual meeting



DETROIT'S "FIRST"
IN CONVENIENCE · COMFORT · QUALITY
In the heart of the downtown, office, theater, and shopping area. Friendly, courteous service to make your stay in Detroit a pleasant memory. The Tuller Coffee Shop or Cafeteria for excellent food modestly priced. The Hotel Tuller, Detroit's largest, is the place to stay.

VISIT OUR Cocktail Lounge
ONE OF DETROIT'S FINEST
800 ROOMS WITH BATH FROM \$2⁷⁵

Hotel Tuller
FACING GRAND CIRCUS PARK
MARRY F. O'BRIEN, Manager

of the Ontario Insurance Agents Assn., the suggestion was made that companies be asked to introduce a \$5 minimum premium, but this was voted down overwhelmingly.

Ontario Warns Papers on Unlicensed Insurers' "Ads"

TORONTO — Advertisements by Bankers National of Phoenix and American Farmers of Phoenix seeking representatives have drawn a warning from Superintendent Whitehead of Ontario. He said advertisements of both companies had appeared in Ontario newspapers,

although last November he requested all Ontario papers to refuse American Farmers' advertising until the company became licensed. He is asking all papers and publications to refuse further advertising from either company until they have been licensed.

Winnipeg Agents Elect

Insurance Agents Assn. of Winnipeg has elected these officers: President, R. J. White, Royal Agencies; vice-president (fire), R. B. Sanders, Carnegie Agencies; vice-president (casualty), D. M. Miller, Dale & Co.; secretary-treasurer, V. D. Hurst, W.C.I.U.A.

EASTERN STATES ACTIVITIES

\$50,000 Loss in Maine

Adjusted claims for the recent fire and explosion at Presque Isle, Me. will probably total \$50,000. Ammonium nitrate, which was present at fertilizer plant where the explosion occurred, did not contribute to the fire.

Asks Prompt Loss Report

BOSTON—Secretary B. M. Hermes of the New England Insurance Exchange has sent notices to all companies and field men in its territory asking that special effort be made for the prompt reporting of all losses in order that they may be paid promptly. The notice states there has been an increasing tendency on the part of many agents to delay in sending loss reports to field men and companies, which has caused

increased costs for investigations and harmful delays.

700 Claims in New England

General Adjustment Bureau estimates that about 700 claims will result from the recent hurricane which swept through parts of New England. The claims may be doubled when coverage of local mutuals are considered. The storm was not serious and G.A.B. did not set up a catastrophe office. Original loss estimate of \$1 million is considered exaggerated. Glass broken by the wind-storm constitutes the majority of claims.

James F. Young, president of the Quincy Mutual Fire, has been elected president of the Quincy (Mass.) Savings Bank and Thomas S. Burgin, Quincy local agent, has been elected vice-president.

Underwriting Profit Proper Test, Moser Insists

(CONTINUED FROM PAGE 4)

enterprise directly affects so many people in all walks of life as does insurance.

Mr. Sanders said that the objective of regulation is preservation of solvency and equity or fairness in the practices of companies and agents. Every important decision as to rate making and administration requires the considered balancing of opposed and complex objectives. There must be a balance between flexibility and uniformity, between the greater equity which comes from refinement, and the efficiency of administration which comes from lack of such refinement, between freedom of competition and safety from combination. Such balancing, he said, must be done objectively and in the light of the goals to be sought and their relative importance.

In the final analysis and regardless of the amount of additional regulation, adequate premium must be received. The companies must have enough money to meet their obligations and every rating law should require that rates be adequate and not excessive.

Situation in Tennessee

Mr. Sanders said in Tennessee so far, 11 rating organizations have been licensed and 23 companies have qualified to make their own rates. Seventy-seven companies have qualified to make part of their own rates while the balance are secured from rating organizations. Thirty-four companies have filed application to deviate and these filings have been given tentative approval subject to further review.

Mr. Sanders said that some of the companies are not promptly and properly informing agents in regard to changes in rules and rates that have been approved. This has caused some agents unknowingly to violate the rating laws and he urged company executives to remedy this situation.

PAUL J. MOLNAR

Paul J. Molnar, chief New Jersey rate analyst, gave a talk on general administrative procedure. He covered a num-

ber of points of immediate practical interest to those charged with administration of the new laws. When a rating law becomes operative, he said, usually the same rate schedules will be continued in use and they will be the ones reaching the state office as filings. A new rating division won't have time to review and pass on each initial filing, but this will not interfere with such rates becoming effective immediately because most statutes provide that after a prescribed waiting period, the filings become legal rates.

The first task of a new rating division should be to organize the office internal setup. There should be maintained a record that will reveal at a glance what kind of insurance each company writes, whether rates therefor have been filed independently or by a rating organization. The rating division should be automatically notified of new companies organized or entering the state, and charter or license changes adding or eliminating kinds of insurance.

The licensing of rating organizations poses no problem because the ones in operation are national in scope and have been in existence for many years.

The first inspection of the initial rating systems should be for the purpose of seeing that all rating plans were filed and that patently improper rules, double sets of rates for identical risks and equity or competitive rules are not slipped in by mistake. The New Jersey bureau prepared a memorandum in connection with each manual, listing rate level departures from standard rates and other important departures.

A rate filing should be accompanied by a statement setting forth the nature, extent and reason for the changes. If a review of the data indicates that a case for the filing has not been made, additional information should be requested and, if necessary, a conference should be arranged.

Where rates are not shown for a classification or rule, New Jersey requests a filing of the underlying rating plan or formula employed to establish the rates. Where no plan or formula exists, the filing of each rate as promulgated is required. In connection with classifications in the general liability manuals that are designated with the

symbols A, C, X or U, for which it is not practicable to establish class rates, New Jersey waived the filing of each individual rate, but required each rating organization and individual filer to submit a statement that such rates would be determined by analogy to comparable classifications wherever possible, or from the experience on such risks and not on a competitive basis.

Should Reach Department Early

Rate filings should reach the department sufficiently ahead of its effective date to give ample time to determine its compliance.

Applications for uniform percentage decrease or increase in the rates are approved when justified by savings in expenses and favorable underwriting experience. The approval is given for a period of only one year at a time.

Rating bureau members and subscribers may file directly rates for coverages over which the rating organizations have not assumed jurisdiction. There have been numerous such filings in connection with malpractice liability.

Reaching an agreement on the judgment factor should not be troublesome, he said, as the objective is to make rates which would be adequate and not excessive.

Current rate filing should be processed meticulously so that it may not be said that "rubber stamp" type of supervision prevails. He concluded by saying that it is not the task of the state to make rates for the companies or to encroach upon the responsibilities of management.

Smitheman New Head of Advertising Conference

(CONTINUED FROM PAGE 15)

make a personal contribution to local safety drives. An example of such a film available to all insurance agents, is Crimes of Carelessness, recently produced by the National Board. An agent can easily arrange to present films such as this at community gatherings, preferably preceded by a short introductory talk on fire prevention or some other allied problems.

"If educational activity such as this is made a definite and continuous part of the agent's public relations program, he is bound to receive credit from an ever-widening circle for being a public-spirited citizen and a real community asset.

Aetna, Mr. Withe said, places great faith in films and other visual material as a public relations tool and, in 1920 became one of the early pioneers in the field when it furnished slide films to its agents. In 1930, it made a series of technicolor "shorts" or trailers available to its agents for use in theaters and, in 1940, was the first insurance organization to establish its own motion picture bureau for the production of educational loss prevention films in color and with sound accompaniment.

In the last seven years, Mr. Withe said, Aetna has released 25 loss prevention films for national distribution on such subjects as industrial safety and health, street and highway safety, first aid, nutrition, crime and fire prevention and sports and home safety.

"Circulating libraries" containing prints of all current films are set up in 50 Aetna offices and general agencies and Aetna agents are urged to promote showings.

Many Aetna agents, Mr. Withe declared, have already been able to trace a substantial amount of new business to contacts they made in their loss prevention work.

Int he first year of this new distribution policy, Aetna agents made 7,000 separate showings, about 80% of them to adult groups. Total attendance at these showings was approximately 750,000.

C. D. McVay, president of Ohio Farmers, in addressing the advertising group, gave an inspiring message on the vital necessity of preserving constitutional freedom in this country. He said

if there is any danger to America, it is in the growing tendency on the part of some to be willing to surrender their constitutional freedom for what would appear to be economic security.

This tendency, he said, can only be halted by education. The masses of the people need to be imbued with the fundamental philosophy upon which this country was grounded and which has made it what it is today. Public sentiment has always been the controlling force in this country and hence the job is to inculcate the masses with a conception of fundamental truths.

Walter Weir, president of Walter Weir, Inc., New York advertising agency, recommended that the fire insurance companies proceed in bold fashion to solve the problem of capacity by setting up a billion dollar reinsurance company. Such a move, he said, might be initiated by the National Board. "Boldness, courage and vision are all that is required," he asserted.

Mr. Weir is a director of Germantown Fire and he said he has permission of its president to pledge its support to such an undertaking.

Only with such a move as this, he contended, can increased rates provide relief immediately without swelling the premium reserve to still greater and still more embarrassing proportions. As a matter of fact, he expressed the belief that such a project should be started before rate increases are put into effect.

Fighting Fire Losses

Mr. Weir said the National Board should fight the increased fire losses with advertising that will promote action. He said the fire losses this year might reach \$750 million and declared "you can't expect to put out a \$750 million fire with a hose that squirts only \$750,000 worth of funds."

He said what is needed is advertising that will motivate the people to refrain from doing things that are hazardous and to take fire prevention precautions. There has perhaps been too much emphasis on research and not enough on getting action, he said. The fire prevention program of National Board does a fine job of diagnosing the cause, but neglects prescribing a remedy, he said.

Says New Financing Inopportune

Mr. Weir said it is paradoxical that insurance companies today are engaging in new financing "in the face of a declining security market, and at the least propitious moment of its long career." He said that the companies after campaigning to arouse agents to the necessity of insuring to value, are now refusing to write more than a small percentage of the agents' previous business. He said the rate increases that have been prayed for can only serve to aggravate the already pressing problem of over-heavy premium reserves. He also expressed surprise that a huge industry in the richest country in the world is turning for reinsurance to foreign countries that themselves are in desperate financial straits and knocking on the doors of the U. S. for loans.

He said a vigorous selling program is necessary for any business and he said he is opposed to any proposal that would decrease the agents' income. "You don't improve a family's financial condition by starving its breadwinner," he said, "and the same holds true for a business."

He said there could be too much emphasis on reducing the cost of distribution because that reduces the income of 38% of the total working force engaged in distribution and, furthermore, distribution supports production.

Fire insurance can only thrive and prosper, he contended, by increasing the incentives to agents. Lower costs are made possible only through higher volume and high volume is made possible only through giving enough people enough incentive to achieve it through increased sales.

W. B. Lloyd has reentered the insurance adjustment business with offices at 108 1/2 East Capitol street, Jackson, Miss. He has had 22 years experience in loss adjustments.

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Famous American Homes

FORD MANSION

WASHINGTON'S HEADQUARTERS IN THE "MILITARY CAPITAL"

"EIGHTEEN belonging to my family and all Mrs. Ford's are crowded together in her kitchen and scarce one of them able to speak for the colds they have caught." Thus General Washington wrote to Nathanael Greene of his headquarters in the Ford Mansion during the winter of 1779-80, described by some as the coldest of the century.

Widow of a wealthy powder-maker, Mrs. Theodosia Ford offered Washington her home when he sought an official headquarters in Morristown, New Jersey, at that time the "military capital of the United States." Only two rooms were retained for her four children and herself, all the others being turned over to General and Mrs. Washington and his "family", as he liked to refer to his personal staff. One of his aides billeted there was Alexander Hamilton, then courting Betsy Schuyler. In this home many important men of the day convened with the Commander-in-Chief.



The house gives an authentic picture of Colonial life



The Historical Museum behind the mansion displays a diorama with three-dimensional models depicting Lafayette arriving with news of French aid for the American cause

Washington made the Ford house his headquarters for over six months. There is evidence that Martha in particular enjoyed her stay there in spite of the discomforts and ever-present danger. As for Mrs. Ford, the patriotic widow no doubt felt privileged to share her home with the Commander-in-Chief and was amply recompensed by the great man's kindness. Every morning on his way downstairs to breakfast he used to stop and inquire about her son Timothy who was ill for many months. With the coming of spring, conditions improved and the household was further cheered by the arrival of Lafayette with his joyous news of French assistance.

Winter encampment at nearby Jockey Hollow made this home a logical headquarters.

Colonel Jacob Ford erected the house about 1774 and in 1776, with the aid of a loan from the Provincial Congress, built a powdermill not far away which turned out "good powder and in useful quantities." Not long after it was put in operation, however, having caught "mortal

cold" on military duty, Colonel Ford fell from his horse while on parade and died of pneumonia a few days later.

The Ford home is now part of the Morristown National Historical Park administered by the National Park Service of the U. S. Department of the Interior.

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FIRE • AUTOMOBILE • MARINE



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 - to act courteously
 - to show a sincere desire to please
- at all times and under all circumstances*

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